92-2238

A	BESTWAY RENTAL INC	10Q	01-31-92
B	BOKUM RESOURCES CORP	10Q	07-31-91
C	BELLBROOK BANCORP INC	10Q	03-31-92
D	CANADIAN NATIONAL RAILWAY CO	10Q	03-31-92
E	CUYAHOGA LANDMARK INC	10Q	01-31-92
F	DYNAGEN INC	10Q	03-31-92
G	FIRST CENTENNIAL CORP	10Q	03-31-92
H	FI-TEK IV INC	10Q	01-31-92
I	GREATE BAY PROPERTY FUNDING CORP	10Q	03-31-92
J	INTERNATIONAL STANDARDS GROUP LTD	10Q	03-31-92
K	MACGREGOR SPORTS AND FITNESS INC	10Q	01-31-92
L	MONARCH AVALON INC	10Q	01-31-92
M	PHOTRONICS CORP	10Q	01-31-92
N	PYRAMIDWEST DEVELOPMENT CORP	10Q	03-31-92
O	SEALRIGHT CO INC	10Q	03-31-92
P	SEA WOLF VENTURES INC	10Q	03-31-92
Q	SPINNAKER SOFTWARE CORP	10Q	03-31-92
R	SUMMIT ENVIRONMENTAL GROUP INC	QA	12-31-91
S	VACATION SPA RESORTS INC	10Q	05-31-92
T	WESTFORD GROUP INC	10Q	03-31-92

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147 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

A92.2238

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended January 31, 1992

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to ________

Commission file number 0-8568

BEST COPY
AVAILABLE

BESTWAY RENTAL, INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	81-0332743 (I.R.S. Employer Identification No.
7800 Stemmons, Suite 320, Dallas, Texas (Address of principal executive offices)	75247 (Zip Code)

(214) 630-6655
(Registrant's telephone number, including area code)

____
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No __

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Number of shares: 13,351,069 72.31 w

As of January 31, 1992

L30

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BESTWAY RENTAL, INC.

QUARTERLY REPORT TO THE SECURITIES AND EXCHANGE COMMISSION

FOR THE QUARTER ENDED
January 31, 1992

PART I - Financial Information

ITEM 1. Financial Statements

Consolidated Unaudited Financial Statements

BESTWAY RENTAL, INC.
Consolidated Balance Sheets
January 31, 1992 (Unaudited) and July 31, 1991

ASSETS

	January 31, 1992	July 31, 1991
Cash	$ 59,845	$ 83,654
Prepaid expenses	66,925	51,670
Other assets	48,425	19,553
Rental merchandise, at cost	5,453,022	4,598,885
Less accumulated depreciation	2,142,757	1,755,724
Net rental merchandise	3,310,265	2,843,161
Property and equipment, at cost	1,809,262	1,737,690
Less accumulated depreciation	1,279,086	1,195,367
Net property and equipment	530,176	542,323
Goodwill, net of amortization	2,636,792	2,722,310
	$ 6,652,428	$ 6,262,671

LIABILITIES AND EQUITY

Accounts payable	$ 600,265	$ 531,723
Accrued liabilities	1,770,579	1,591,643
Notes payable	10,086,501	9,996,501
Preferred stock, $10.00 par value; 1,000,000 shares authorized, none issued	—	—
Common stock, $.01 par value; 25,000,000 shares authorized; 13,351,069 shares issued outstanding at January 31, 1992, and July 31, 1991, respectively	133,511	131,511
Paid-in capital	10,649,271	10,639,271
Accumulated deficit	(16,587,699)	(16,627,978)
Total equity	(5,804,917)	(5,857,196)
	$ 6,652,428	$ 6,262,671

The accompanying notes are an integral part of the financial statements.

BESTWAY RENTAL, INC.

Consolidated Statements of Income
For the three and six months ended
January 31, 1992 and January 31, 1991
(unaudited)

	Three Months Ended		Six Months Ended	
	January 31, 1992	January 31, 1991	January 31, 1992	January 31, 1991
Revenue				
Rental	$ 2,000,432	$ 1,434,539	$ 3,806,135	$ 2,845,207
Other	323,538	234,004	620,593	482,456
Total revenue	$ 2,323,970	$ 1,668,543	$ 4,426,728	$ 3,327,663
Expenses				
Depreciation of rental units	$ 568,198	$ 408,762	$ 1,082,370	$ 802,867
Cost of sales and other direct costs	75,303	145,360	142,135	333,614
Amortization of goodwill	42,759	42,759	85,518	85,518
Store operating expenses	1,031,802	881,865	2,004,985	1,698,647
Administrative expenses	273,702	290,091	544,083	541,769
Interest expense	264,932	206,282	527,358	413,706
Total expenses	$ 2,256,696	$ 1,975,119	$ 4,386,449	$ 3,876,121
Earnings (loss) before income tax provision	$ 67,274	$ (306,576)	$ 40,279	$ (548,458)
Income tax expense	37,411	—	42,771	—
Net income (loss) before extraordinary item	$ 29,863	$ (306,576)	$ (2,492)	$ (548,458)
Extraordinary item - utilization of tax operating loss carryforward	37,411	—	42,771	—
Net income (loss)	$ 67,274	$ (306,576)	$ 40,279	$ (548,458)
Earnings (loss) per share	$ .01	$ (.02)	$ .00	$ (.04)
Weighted average common shares outstanding	13,351,069	13,115,069	13,284,402	13,115,069

The accompanying notes are an integral part of the financial statements.

BESTWAY RENTAL, INC.

Consolidated Statement of Stockholders' Equity

for the six months ended January 31, 1992

(Unaudited)

	Common Stock			
	Shares	Amount	Paid-In Capital	Retained Earnings
Balance at July 31, 1991	13,151,069	$ 131,511	$10,639,271	$(16,627,978)
Stock Bonuses	200,000	2,000	10,000	
Net income for the six months ended January 31, 1992				40,279
Balance at January 31, 1992	13,351,069	$ 133,511	$10,649,271	$(16,587,699)

The accompanying notes are an integral part of the financial statements.

BESTWAY RENTAL, INC.
Consolidated Statements of Cash Flows
For the six months ended January 31, 1992 and January 31, 1991
(unaudited)

	Six Months Ended	
	January 31, 1992	January 31, 1991
Cash flows from operating activities:		
Income from operations	$ 40,279	$ (548,458)
Depreciation and amortization	1,251,607	997,143
Net change in prepaid expenses accounts payable and accrued expenses	(73,973)	253,217
Deferred interest	277,324	249,717
Stock bonuses	12,000	—
Net cash flows provided by operating activities:	1,507,237	951,619
Cash flows from investing activities:		
Purchase of rental units and equipment	(1,691,659)	(1,461,401)
Additions to leaseholds and equipment	(71,572)	(53,433)
Net book value of rental units retired	142,185	318,447
Net cash flows used in investing activities	(1,621,046)	(1,196,387)
Cash flows from financing activities:		
Proceeds of notes payable	90,000	500,000
Repayment of notes payable	—	(246,818)
Net cash flows provided by financing activities	90,000	253,182
Net increase/(decrease) in cash	(23,809)	8,414
Cash at the beginning of the year	83,654	64,554
Cash at the end of the quarter	$ 59,845	$ 72,968

The accompanying notes are an integral part of the financial statements.

BESTWAY RENTAL, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. References to Previous Disclosures

The consolidated financial statements included herein have been prepared by the Company without audit. Certain information and footnote disclosure normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted or are incorporated herein by reference to the financial statements included in the Company's 1991 Form 10-K. Management believes that the disclosures are adequate to make the information presented not misleading and that all adjustments deemed necessary for a fair statement of the results for the interim period have been reflected. It is suggested that these condensed financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's 1991 Form 10-K, particularly with regard to disclosure relating to significant accounting policies.

2. Debt Obligations

The following table outlines the Company's total notes payable at January 31, 1992:

	Total
Senior secured debt	$ 4,918,665
Subordinated debt	5,167,836
	$10,086,501

On March 4, 1992, the Company restructured its senior secured loan agreement. Under the terms of the agreement, the Company's senior secured lender has agreed to reduce the Company's indebtedness to $750,000 from a total of $4,918,665 after a cash payment to the secured lender of $1,500,000. The cash payment was funded by four senior subordinated promissory notes to certain parties, some of whom are also related parties or affiliates of the Company as described below:

Lender	Relationship to registrant	Amount of note	Payable in full	Monthly interest
O'Donnell & Masur L.P.	Subordinated debt holder, stockholder and has as one of its principals, a director of the Company	$700,000	Aug 31, 1993	Prime plus 1 1/2%

Lender	Relationship to registrant	Amount of note	Payable in full	Monthly interest
Euless Aero Components	Affiliate, that has as one of its directors and shareholders the Company's President and Chairman of the Board of Directors	$500,000	Aug 31, 1993	Prime plus 1 1/2%
Search Exploration, Inc	Affiliate, that has as one of its directors and shareholders, one of the Company's directors	$200,000	Aug 31, 1993	12%
Jack E. Meyer	Director and shareholder of the Company	$100,000	Aug 31, 1993	12%

Additionally, the $650,000 the Company received in 1991 that was funded by O'Donnell and Masur L.P. through a participation agreement with the Company's senior secured lender has been restructured into a senior subordinated promissory note with the principal payable in full on August 31, 1993 and interest calculated at a rate of prime plus one and one-half percent. The remaining balance of the Company's senior secured indebtedness of $2,018,665 will be written off as of March 4, 1992.

The restructured senior secured replacement loan agreement in the amount of $750,000 is payable on December 31, 1992 with interest calculated monthly at a rate of twelve percent.

The Company has no available and unused credit at March 4, 1992. Since September, 1991, all cash obligations of the Company, including purchases of replacement merchandise and growth in units on rent, have been funded from operating cash flows.

The restructured loan agreement includes certain restrictive covenants which prohibit the payment of dividends and restrict the amount of payments to subordinated debtholders. Substantially all the Companys assets are pledged to the senior secured lender under this restructured loan agreement.

The Company did not make scheduled principal and interest payments which were due under the Company's subordinated loan agreements in the quarter ended January 31, 1992. Under the terms of the Companys restructured senior secured loan agreement, any material principal or interest obligation to any other creditor which is not paid when due is an event of default on the restructured loan.

The Company has not made required principal and interest payments aggregating $2,377,500 and $1,205,953, respectively, on its subordinated debt as of the quarter ended January 31, 1992.

3. Income Tax Expense

The Federal income tax expense for the three and six months ended January 31, 1992 represents the Company's liability after adding the amortization of goodwill with the Company's three and six months earnings and using a 34% tax base. The extraordinary item represents the utilization of the Company's tax operating loss carryforward.

4. Earnings Per Share

Earnings per common share have been computed based upon the weighted common shares outstanding during each period. Weighted average common shares used in the computation of earnings per share were as follows:

	Three Months Ended		Six Months Ended	
	January 31, 1992	January 31, 1991	January 31, 1992	January 31, 1991
Weighted average common shares outstanding	13,351,069	13,115,069	13,284,402	13,115,069

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Revenue in the quarter ended January 31, 1992 increased 39% compared with the quarter ended January 31, 1991. Revenue increased 43% in the company's Southeast region of operations and 27% in the Company's Midwest region of operations during that period. Revenue in the six months ended January 31, 1992 increased 33% compared with the six months ended January 31, 1991. The Company's Southeast region experienced a 40% increase in revenue and the Midwest region experienced a 12% increase in revenue during the first six months of this year compared with last year. The revenue increase in both the three and six months is due to a more effective execution in operations.

Store operating expenses for the three and six months ended January 31, 1992 increased 17% and 18%, respectively, due to higher wage and salary expense, cost of repairing delivery vans and increased advertising program expense. Interest expense increased 28% and 27%, respectively, due to the Company's amended secured and subordinated debt agreement under which the interest rate increased from 6% to 10% in July, 1991.

Financial Condition, Liquidity and Capital Resources

Cash flow provided by operations for the six months ended January 31, 1992 increased by $555,618, or 58% due to decreases in operating losses. Purchases of rental merchandise increased by $230,000 in the six months ended January 31, 1992 compared to the same period last year. These inventory purchases were to replace rental merchandise that was purchased by customers either by full pay out under the rental agreement or by exercise of the customer's early purchases option and to provide inventory for the Company's increase in units on rent.

The Company's total notes payable at January 31, 1992 consists of $4,918,665 senior secured debt, $5,167,836 subordinated debt, for a total notes payable of $10,086,501. On March 4, 1992, the Company restructured its senior secured loan agreement. Under the terms of the agreement, the Company's senior secured lender has agreed to reduce the Company's indebtedness to $750,000 from a total of $4,918,665 after a cash payment to the secured lender of $1,500,000. The cash payment was funded by four senior subordinated promissory notes to certain parties, some of whom are also related parties or affiliates of the Company.

Additionally, the $650,000 the Company received in 1991 that was funded by O'Donnell and Masur L.P. through a participation agreement with the Company's senior secured lender has been restructured into a senior subordinated promissory note with the principal payable in full on August 31, 1993 and interest calculated at a rate of prime plus one and one-half percent. The remaining balance of the Company's senior secured indebtedness of $2,018,665 will be written off as of March 4, 1992.

at a rate of prime plus one and one-half percent. The remaining balance of the Company's senior secured indebtedness of $2,018,665 will be written off as of March 4, 1992.

The restructured senior secured replacement loan agreement in the amount of $750,000 is payable on December 31, 1992 with interest calculated monthly at a rate of twelve percent.

The Company has no available and unused credit at March 4, 1992. Since September, 1991, all cash obligations of the Company, including purchases of replacement merchandise and growth in units on rent, have been funded from operating cash flows.

The restructured loan agreement includes certain restrictive covenants which prohibit the payment of dividends and restrict the amount of payments to subordinated debtholders. Substantially all the Company's assets are pledged to the senior secured lender under this restructured loan agreement.

The Company did not make scheduled principal and interest payments which were due under the Company's subordinated loan agreements in the quarter ended January 31, 1992. Under the terms of the Company's restructured senior secured loan agreement, any material principal or interest obligation to any other creditor which is not paid when due is an event of default on the restructured loan.

The Company has not made required principal and interest payments aggregating $2,377,500 and $1,205,953, respectively, on its subordinated debt as of the quarter ended January 31, 1992.

With the restructuring of the Company's senior secured loan agreement and the Company reporting profits, management believes its level of operations generates adequate cash flow to replace paid out units and meet its cash obligations.

PART II - Other Information

ITEM 3. Defaults Upon Senior Securities

The information required is contained in Note 2 to Unaudited Consolidated Financial Statement for the quarter ended January 31, 1992 in this Form 10-Q and is incorporated herein by reference thereto.

ITEM 6. Exhibits

(a) Exhibits required by Item 601 of Regulation S-K

10.11 Seventh amendment to revolving loan, security agreement and collaterized guaranty (1)

(1) Filed as exhibit to Form 10-Q for quarter ended January 31, 1992, incorporated herein by reference.

(b) Reports on Form 8-K

none

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BESTWAY RENTAL, INC.

March 13, 1992

Beth A. Durrett

Beth A. Durrett
Vice President - Controller
(Principal Financial Officer and duly authorized to sign on behalf of the Registrant)

SEVENTH AMENDMENT TO
REVOLVING LOAN, SECURITY AGREEMENT,
AND COLLATERALIZED GUARANTY

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SEVENTH AMENDMENT TO

REVOLVING LOAN, SECURITY AGREEMENT,

AND COLLATERALIZED GUARANTY

THIS SEVENTH AMENDMENT TO REVOLVING LOAN, SECURITY AGREEMENT AND COLLATERALIZED GUARANTY ("Amendment") is entered into as of March 4, 1992, by and among BESTWAY RENTAL, INC. a Delaware corporation, formerly known as Amarco Resources Corporation ("Borrower"), EZY ACQUISITION, INC., a Delaware corporation ("EZYAI"), EZY RENTAL, INC., a Tennessee corporation ("EZY"), U.S. CREDIT-SERVICE CORPORATION, a Missouri corporation ("U.S. Credit"), K.C. RESOURCE SERVICE CORPORATION, a Missouri corporation ("KC"), and WESTDALE DATA SERVICE, INC., a Texas corporation ("WDS") (EZYAI, EZY, U.S. Credit, KC, and WDS collectively, "Guarantors," and individually, "Guarantor"), each of the Borrower and Guarantors having its principal place of business at 7800 Stemmons Freeway, Suite 320, Texas 75247 and GLENFED FINANCIAL CORPORATION, a California corporation, having its place of business at 12720 Hillcrest Road, Suite 700, Dallas, Texas 75230 ("Lender").

RECITALS:

This Amendment is entered into upon the basis of the following facts and circumstances:

A. Borrower, EZYAI, EZY, U.S. Credit, KC and Lender have previously entered into that certain Revolving Loan, Security Agreement and Collateralized Guaranty dated as of February 24, 1988, as amended by that certain First Amendment to Revolving Loan, Security Agreement and Collateralized Guaranty dated as of May 17, 1988, that certain Second Amendment to Revolving Loan, Security Agreement and Collateralized Guaranty dated as of September 23, 1988, that certain Third Amendment to Revolving Loan, Security Agreement and Collateralized Guaranty dated as of April 4, 1990, that certain Fourth Amendment to Revolving Loan, Security Agreement and Collateralized Guaranty dated as of July 19, 1990, that certain Fifth Amendment to Revolving Loan, Security Agreement and Collateralized Guaranty dated as of October 2, 1990 (which was also executed by WDS), and that certain Sixth Amendment to Revolving Loan, Security Agreement and Collateralized Guaranty dated as of June 20, 1991 (as amended, the "Agreement").

B. Pursuant to the Agreement, Lender advanced certain sums to Borrower (the "Loan"). The Loan is currently evidenced by that certain Secured Renewal, Extension and Modification Promissory Note (the "Note") in the original principal amount of $4,648,477.74 (the "Original Principal Balance") dated as of February 24, 1991 and executed by Borrower in favor of Lender, and that certain Secured Capitalization Promissory Note in the original principal amount of not to exceed $275,000.00 dated as of February 25, 1991, executed by Borrower in favor of Lender.

C. The Loan and the Note are secured by, *inter alia*, the Collateral as defined and set forth in the Agreement.

D. Borrower, Guarantors and Lender desire to amend and modify the Loan and the Agreement and Other Agreements (as defined in the Agreement) as more fully set forth hereinbelow (the "Modification").

E. As further consideration to Lender for consenting to and entering into the Modification, Borrower has agreed to deliver to Lender a Termination and Release of Participation Interest (the "Participation Release"), duly executed by OM (as hereinafter defined), a Second Amendment to Intercreditor and Subordination Agreement (the "Amendment to Intercreditor Agreement"), duly executed by OM, and an Amendment to Pledge Agreement (the "Amendment to Pledge Agreement"), duly executed by Borrower (this Amendment, the Participation Release, the Amendment to Pledge Agreement, the Amendment to Intercreditor Agreement, and each and all such other instruments, statements, documents and agreements executed and/or delivered as part of or in conjunction with the Modification shall hereinafter be collectively referred to as the "Loan Documents").

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants and promises of the parties contained herein and in further consideration for the making of the Modification, the parties hereto agree as follows:

ARTICLE 1

Conditions Precedent To Modification

Lender's covenants, obligations and agreements herein contained, including, without limitation, Lender's agreement to make the Modification, are expressly contingent upon full and complete satisfaction, on or before the Modification Date (as hereinafter defined), of each and all of the following:

1.1 Principal Payment. Borrower shall pay, or cause to be paid on behalf of Borrower, to Lender by wire transfer on or before March 4, 1992 (the "Modification Date"), the sum of One Million Five Hundred Thousand Dollars ($1,500,000), which sum so paid shall be applied against the outstanding Original Principal Balance of the Note.

1.2 Interest Payment. Borrower shall pay, or cause to be paid on behalf of Borrower, to Lender by wire transfer on or before the Modification Date an amount equal to all then accrued but unpaid interest on the Original Principal Balance of the Note through the date of such payment.

1.3 Costs, Fees and Expenses. Borrower shall pay, or cause to be paid on behalf of Borrower, to Lender, or as Lender may direct, by wire transfer on the Modification Date all reasonable costs, fees and expenses (including, without limitation, all reasonable legal fees and costs and the costs of any and all filing, closing, recording or documentation fees) incurred or to be incurred by Lender related in any way to the Modification or any of the events or transactions set forth in this Amendment. Lender acknowledges that Borrower has previously deposited with Lender the sum of $20,000.00 to be applied against such costs, fees and expenses.

1.4 Replacement Note. Borrower shall duly execute and deliver to Lender on the Modification Date that certain Full Replacement Secured Promissory Note (the "Replacement Note") in the original principal amount of Seven Hundred Fifty Thousand Dollars ($750,000.00) in favor of Lender and in form and substance identical to Exhibit A attached hereto and incorporated herein by this reference.

1.5 Release of Participation Interest. Borrower shall cause O'Donnell & Masur, L.P., a Delaware limited partnership

("OM") to duly execute and deliver to Lender on or before the Modification Date the Participation Release in form and substance identical to Exhibit B attached hereto and incorporated herein by this reference. Upon the timely satisfaction of all of the conditions precedent contained in this Article 1 on the Modification Date, Lender shall deliver to Borrower or to Borrower's direction, without warranty or recourse of any kind, that certain Secured First Participation Advance Promissory Note dated as of March 27, 1991 and that certain Secured Second Participation Advance Promissory Note dated April 16, 1991.

1.6 Intercreditor and Subordination Agreement. Borrower shall cause OM to duly execute and deliver, and Borrower shall duly execute and deliver, to Lender the Amendment to Intercreditor Agreement in form and substance identical to Exhibit C attached hereto and incorporated herein by this reference.

1.7 Further Assurances. Borrower shall execute, acknowledge and deliver to Lender, or cause to be executed, acknowledged and delivered to Lender by Guarantors and others, all such other documents, instruments, certificates and agreements, and take or cause to be taken such other acts or events, as Lender may reasonably require to evidence, consummate, secure or establish any part of the Modification.

1.8 Representations and Warranties and Covenants. The factual statements, representations and warranties contained in this Amendment or otherwise made on behalf of Borrower and/or the Guarantors in connection with the Modification, including, without limitation, the reaffirmation of Borrower's and Guarantors' representations and warranties contained in the Agreement and all of the Other Agreements, shall be true and correct as of the Modification Date as if such representations and warranties were made as of the Modification Date and Borrower and Guarantors shall as of the Modification Date expressly restate and reaffirm each and all of their respective covenants, agreements and obligations contained in the Agreement.

1.9 No Default. Other than as set forth on Exhibit D attached hereto and incorporated herein by this reference, no Event of Default (as hereinafter defined) or an event which, with the passage of time, or the delivery of notice, or both, would constitute an Event of Default hereunder or a default or Default under the Agreement or any of the Other Agreements shall have occurred.

1.10 Compliance. All agreements and conditions contained herein required to be performed and complied with by Borrower and/or Guarantors prior to or on the Modification Date shall have been complied with and performed in all material respects.

1.11 Payments. Borrower shall have paid to Lender (1) such of the expenses specified in the Agreement or in any of the Other Agreements as may be then due and payable, and (2) any funds required by Lender to be delivered to Lender pursuant to any of the Other Agreements.

1.12 Other Documents. Lender shall have received such other documents and assurances as may be reasonably requested by Lender or its counsel.

1.13 Certificates. All acts taken by Borrower and Guarantors in connection with the Modification shall be reasonably satisfactory in form and substance to Lender and to Lender's counsel, and Lender shall have received (1) duly certified resolutions of the Board of Directors of Borrower and of each Guarantor, duly authorizing the execution and delivery of this Amendment and the other Loan Documents and the consummation of the transactions contemplated thereby, (2) a certificate of Borrower and of each Guarantor that there are no actions, suits or proceedings pending or threatened against or affecting Borrower, any Guarantor or the Collateral in any court at law or in equity, or before or by any governmental department, commission, board, bureau, agency or instrumentality which might adversely affect (i) the ability of Borrower or any Guarantor to perform its obligations under each of the Loan Documents, (ii) the priority of Lender's first lien upon the Collateral, (iii) the right of Borrower or any Guarantor to use or lease any of the Collateral, respectively, or (iv) the title to the Collateral, (3) a certificate of Borrower and of each Guarantor as to authority, incumbency and signature of its authorized agents, (4) (i) Certificates of good standing for Borrower from the Secretary of State of Delaware and the Comptroller of Public Accounts of the State of Texas and Certificate of Existence from the Secretary of State of Texas, (ii) for EZYAI from the Secretary of State of Delaware, (iii) for EZY from the Secretary of State of Tennessee and Alabama, (iv) for U.S. Credit from the Secretary of State of Missouri and Illinois, (v) for K.C. from the Secretary of State of Missouri and (vi) for WDS from the Comptroller of Public Accounts of the State of Texas and Certificate of Existence from the Secretary of State of Texas, (5) certified copy of Borrower's and each Guarantor's Articles of Incorporation and By-Laws and (6) such authenticated copies of such other documents and certificates on other matters as Lender may require.

1.14 Compliance with Covenants. Except with respect to those obligations set forth on Exhibit D hereto, Borrower and Guarantors shall have delivered to Lender evidence satisfactory to Lender of Borrower's and Guarantors' compliance with each and all of their respective covenants, conditions and obligations set forth in the Agreement and all of the Other Agreements.

ARTICLE 2

Borrower's Covenants

Borrower covenants and agrees for the benefit of Lender that, as of the date hereof and at all times until the Obligations, including, without limitation, the Note, together with interest thereon, are repaid in full and all other obligations of Borrower and Guarantors under any of the Other Agreements are satisfied in full:

2.1 Notice of Event of Default. Borrower and Guarantors shall promptly notify Lender in writing of the occurrence of any event which would become an Event of Default upon the giving of notice or the lapse of time or both.

2.2 Trade Names. Borrower nor any Guarantor shall, without Lender's prior written consent, which consent shall not be unreasonably withheld, change the place of business of Borrower or any Guarantor or change the legal, trade or fictitious business names used by Borrower or any Guarantor and shall, upon Lender's request, execute any additional financing statements and other certificates necessary to reflect any such change in its trade names or fictitious business names.

2.3 Ownership of EZYAI. Without Lender's prior written consent, Borrower shall not encumber, pledge, sell, assign or transfer any of its shares of or any other beneficial ownership interest in EZYAI, or sell, contract to sell, pledge, encumber, assign or otherwise transfer any such shares or any other beneficial ownership interest in EZYAI, whether voluntarily or involuntarily or by operation of law. Borrower covenants and agrees that without the prior written consent of Lender, the Articles of Incorporation and By-laws of EZYAI shall not be modified, terminated or amended, nor shall EZYAI be dissolved, liquidated, merged, consolidated or terminated, whether by operation of law or otherwise.

ARTICLE 3

Representations and Warranties

3.1 Organization, Standing, etc. of Borrower. Borrower represents and warrants that it has all requisite power and authority to enter into this Amendment and each of the Loan Documents and to consummate the transactions thereby contemplated.

3.2 Subsidiaries of Borrower. Borrower represents and warrants that Borrower is the sole shareholder of EZYAI and that EZYAI is the sole shareholder of EZY and U.S. Credit and U.S. Credit is the sole shareholder of KC.

3.3 Authority to Enter into Amendment. Borrower and each Guarantor represent and warrant that Borrower and each Guarantor, respectively, have all requisite power and authority to enter into this Amendment and to carry out the provisions of the Loan Documents. The execution, delivery and performance of the Loan Documents have been duly authorized by the Board of Directors of Borrower and each Guarantor and no other action by them or any other person, is requisite to the execution, delivery and performance of the Loan Documents.

3.4 Title to Collateral. Borrower and each Guarantor represent and warrant that they have good and marketable title to their respective portion of the Collateral free and clear of all liens and encumbrances, excepting only Lender's liens and the Junior Indebtedness and other liens permitted by the Agreement, and no portion of the Collateral or any of Borrower's or Guarantors' interest therein has been transferred except as previously consented to in writing by Lender.

3.5 No Default. Except as set forth on Exhibit D hereto, Borrower and each Guarantor represent and warrant that there are no Defaults or Events of Default (or any event that with the passage of time and/or giving of notice would constitute an Event of Default or Default) under the Agreement or any of the Other Agreements.

3.6 Litigation. Borrower and each Guarantor represent and warrant that there are no actions, suits or proceedings pending or threatened against or affecting Borrower or any Guarantor or the Collateral in any court at law or in equity, or before or by any governmental department, commission, board, bureau, agency or instrumentality that might materially adversely affect the ability of any such person to perform its obligations under each of the Loan Documents or might adversely affect the priority of Lender's first lien upon the Collateral, except as set forth on Exhibit D attached hereto and incorporated herein by this reference.

3.7 Compliance With Other Instruments. Borrower and each Guarantor represent and warrant that there is no violation of or default with respect to any term or provision of the Articles of Incorporation or By-laws of Borrower or any Guarantor, respectively, or, except as set forth on Exhibit D hereto, of any mortgage, deed of trust, indenture, contract, agreement or instrument applicable to Borrower, any Guarantor or the Collateral, or by which Borrower, any Guarantor or the Collateral is bound, and the execution, delivery, performance of, or compliance with, each and all of the Loan Documents will not result in any such violation or be in conflict with or constitute a default under any such term or provision, or result in the creation of any security interest, lien or charge on any of the properties or assets of Borrower or any Guarantor other than the lien created by the Agreement, any Other Agreement or otherwise contemplated by this Amendment.

3.8 Compliance with Law. Borrower and each Guarantor represent and warrant that the consummation of the transactions contemplated by the Loan Documents will not conflict with or result in a breach of any law or any regulation, order, writ, injunction or decree of any court or governmental instrumentality.

3.9 Governmental Authorization. Borrower and each Guarantor represent and warrant that in connection with the execution and delivery of each of the Loan Documents, or the carrying out of or performance of any of the transactions required or contemplated hereby or thereby, no consent, approval or authorization of or registration, declaration or filing with any governmental or public body or authority is required.

3.10 Financial Statements. Borrower and each Guarantor represent and warrant that any financial statements heretofore delivered to Lender by Borrower and Guarantors, in all material respects, fairly present in a consistent manner the respective financial conditions of the subjects thereof in accordance with generally accepted accounting principles as of the respective dates thereof; and no material change has occurred in the financial conditions reflected therein since the respective dates thereof; and no additional borrowings have been made by Borrower or any Guarantor since the date of such financial statements, other than contemplated by this Amendment.

3.11 Loan Documents. Borrower and each Guarantor represent and warrant that the Loan Documents have been duly authorized, executed and delivered and are valid and legally binding, subject, however, to the provisions of applicable insolvency laws of general application.

3.12 Securities Activities. Borrower represents and warrants that Borrower is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any Margin Stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System in effect from time to time) and not more than twenty-five percent (25%) of the value of the assets of Borrower consists of such Margin Stock.

3.13 Disclosure. None of Borrower's or any Guarantors' representations or warranties contained in this Amendment or any other document, certificate or written statement furnished to Lender by or on behalf of Borrower or any Guarantor contains any untrue statement of a material fact necessary in order to make the statements contained herein or therein (when taken in their entirety) not misleading. There is no fact known to Borrower or any Guarantor which materially and adversely affects the business, operations, assets or conditions (financial or otherwise) of Borrower, any Guarantor or the Collateral which has not been disclosed in this Amendment or in other documents, certificates and written statements previously furnished to Lender.

3.14 Guaranties. Each and all of the Guarantors hereby expressly restate and reaffirm their respective Guaranty as of the date hereof, including, without limitation, acknowledging that the Replacement Note is part of the Obligations as set forth in the Agreement.

ARTICLE 4

Default and Remedies

4.1 Events of Default. The occurrence of any one or more of the following shall constitute events of default ("Events of Default") hereunder and under the Agreement and Other Agreements:

(a) Any failure on Borrower's or any Guarantor's part to comply with any covenant or agreement contained in this Amendment which remains uncured fifteen (15) days following written notice thereof;

(b) Any representation or warranty or disclosure made to the Lender by Borrower or any agent of Borrower or by any Guarantor proves to be false or misleading on the date as of which made, whether or not such representation or warranty or disclosure appears in this Amendment;

(c) The occurrence of a Default or an Event of Default under the Agreement or any of the Other Agreements, including, without limitation, the Note;

(d) The occurrence of any event that, in Lender's sole judgment, materially adversely affects (i) the ability of Borrower to perform any of its obligations hereunder or under the Agreement or any of the Other Agreements or the ability of any of the Guarantors to perform any of their respective obligations under any of the Guaranties; (ii) the priority of Lender's first lien on the Collateral; (iii) the business or financial condition of Borrower or any of the Guarantors; or (iv) the business, financial condition, operations or value of the Collateral;

4.2 Right to Operate the Collateral. Upon the occurrence of an Event of Default, Lender shall have the right, in addition to such other rights and remedies available to Lender hereunder to take possession of the Collateral, or any part thereof, to take over and operate the Collateral or any part thereof and, for those purposes, to make disbursements. Any contracts entered into or indebtedness incurred in the exercise of such right may be executed in the name of Borrower, for which purpose Lender is hereby authorized and irrevocably appointed the attorney-in-fact of Borrower, (said appointment being coupled with an interest) to enter into such contracts and incur such obligations and to enforce any contracts or agreements theretofore made by or on behalf of Borrower and to do any and all things necessary or proper to operate the Collateral or any part thereof. In no event shall Lender be required to expend its own funds to operate the Collateral, but Lender may, at its option, advance such funds. Any funds so advanced shall be secured by the Collateral and shall be paid to Lender by Borrower on demand, together with interest at the Default Rate set forth in the Note from the date of advance until paid.

4.3 Acceleration. Upon the occurrence of an Event of Default hereunder, the unpaid balance of the Note and all other Obligations shall, at the option of Lender, become immediately due and payable, provided, however, if the occurrence which constitutes the Event of Default is the filing of a voluntary or involuntary petition by or against Borrower under any Section or Chapter of the United States Bankruptcy Code, the unpaid balance of the Note and all other Obligations shall become immediately due and payable without any action on the part of Lender. All notice and cure periods provided herein and in any of the Other Agreements shall run concurrently with any notice or cure periods provided by law.

4.4 Remedies Are Cumulative. Borrower and each Guarantor acknowledges and agrees that upon the occurrence of any Default or Event of Default hereunder, Lender may, at its sole option, undertake the cure of such Default or Event of Default without prejudice to, or being deemed to have exercised, any other rights of Lender under any of the Other Agreements. All remedies provided for herein are cumulative and shall be in addition to any and all other rights and remedies under any of the Other Agreements or provided by law, including without limitation banker's lien and right of off-set. The exercise of any right or remedy by Lender hereunder shall not in any way constitute a cure or waiver of any Default or Event of Default hereunder or under any of the Other Agreements or invalidate any act done pursuant to any notice of default, or prejudice Lender in the exercise of any of its rights hereunder or under any of the Other Agreements.

ARTICLE 5

Miscellaneous

5.1 Default. Borrower and each Guarantor hereby acknowledges and agrees that a breach by Borrower or any Guarantor of any term, provision, covenant or condition herein set forth or herein required of Borrower or any Guarantor to be kept or performed, respectively, and which is not kept or performed pursuant to the terms hereof, shall constitute a Default and/or an Event of Default hereunder, under the Agreement and Other Agreements, subject to any cure periods contained therein.

5.2 References. Any and all references to the Note and/or the Obligations, whether in this Amendment, in the Agreement or any of the Other Agreements, including, without limitation, that certain Pledge Agreement dated October 26, 1990 executed by Borrower in favor of Lender, that certain Pledge Agreement dated February 24, 1988 executed by U.S. Credit in favor of Lender and that certain Pledge Agreement dated May 17, 1988 executed by EZYAI in favor of Lender, or otherwise, shall mean and include the Replacement Note, and all modifications, renewals, supplements, replacements and restatements thereof. Any and all references to the Agreement, whether in this Amendment, in the Agreement, any of the Other Agreements or otherwise, shall mean the Agreement as amended, modified and supplemented by this Amendment. All references herein to the Agreement and/or any of the Other Agreements shall be understood to be to the Agreement and the Other Agreements as modified hereby. All references in any of the Other Agreements to any other one or more of the Other Agreements shall hereafter be deemed to be to such document(s) as modified hereby. Any and all references to the term Other Agreements, whether in this Amendment, the Agreement or any Other Agreement, shall mean and include each and all of the Loan Documents, including, without limitation, the Replacement Note, this Amendment, and any and all other agreements, instruments and documents heretofore, concurrently herewith and/or from time to time hereafter executed and delivered by, from or for Borrower to Lender in connection with the transactions contemplated by this Amendment. Except as otherwise defined herein, any capitalized terms used herein shall have the same meaning as given such terms in the Agreement.

5.3 Full Force. Except as may be expressly set forth herein to the contrary, the Agreement and Other Agreements remain unmodified and all other terms and conditions of the Agreement and the Other Agreements remain in full force and effect. Notwithstanding anything to the contrary stated herein, to the extent that the terms and conditions of this Amendment conflict with any of the terms and conditions of the Agreement and Other Agreements, this Amendment shall control.

5.4 No Defenses. Borrower and each Guarantor hereby acknowledges that (i) Borrower and each Guarantor has no defenses, offsets or counterclaims of any kind or nature whatsoever against Lender with respect to the payment of any sum owed to Lender, or with respect to the Note, the Agreement and Other Agreements or any security interest, encumbrance, lien or Collateral in connection therewith; (ii) Lender, on and as of the date hereof has fully performed all obligations to Borrower and each Guarantor which it may have had or has on and as of the date hereof; (iii) other than as expressly set forth herein, by entering into this Amendment, Lender does not waive any condition or obligation in the Agreement and Other Agreements. Without limiting the generality of the foregoing, Borrower and each Guarantor, on their own behalf and on behalf of their respective representatives, partners, agents, employees, servants, officers, directors, shareholders, subsidiary, affiliated and related companies, successors and assigns (hereinafter collectively referred to as the "Borrower Group") waives, releases and forever discharges Lender, and its officers, directors, subsidiary, affiliated and related companies, agents, servants, employees, shareholders, representatives, successors, assigns, attorneys, accountants, assets and properties, as the case may be (hereinafter referred to as the "Lender Group") from and against all manner of actions, cause and causes of action, suits, debt, sums of money, accounts, reckonings, bond, bills, covenants, contracts, controversies, agreements, promises, obligations, liabilities, costs, expenses, losses, damages, judgments, executions, claims and demands, of whatsoever kind or nature, in law or in equity, whether known or unknown, arising out of or related to any matter, cause or thing whatsoever in any way connected to, directly or indirectly, the Agreement and the Other Agreements through the date hereof that any of the Borrower Group, jointly or severally, may have had, or now have or that may subsequently accrue against the Lender Group.

Borrower and each Guarantor acknowledges and agrees that Lender is specifically relying upon the representations, warranties, covenants and agreements contained herein and that such representations, warranties, covenants and agreements constitute a material inducement to enter into this Amendment and the Modification.

5.5 Bankruptcy. Borrower hereby stipulates and consents that upon the filing of a petition under any section or chapter of Title 11 of the United States Code or similar law or statute by or against Borrower, any automatic stay or other injunction against Lender resulting from such filing shall be immediately and automatically modified and terminated with respect to Lender, without further notice, hearing or order of court, so that Lender may proceed to exercise its rights and remedies against the Collateral and any other property pledged to Lender to secure the Note in accordance with applicable law as if no such filing had taken place. Borrower further agrees that it will not contest any motion or application of Lender made in any court of competent jurisdiction seeking enforcement of this paragraph or otherwise seeking modification or termination of such automatic stay or other injunction in a manner consistent herewith. Borrower acknowledges and agrees that Lender is specifically relying upon the representations, warranties, covenants and agreements contained herein and that such representations, warranties, covenants and agreements constitute a material inducement to enter into this Amendment.

5.6 No New Advance. Lender and Borrower hereby understand and acknowledge that this Amendment has not created any new obligation of Lender to advance additional monies to Borrower.

5.7 No Forbearance. Lender's forbearance from exercising its rights and remedies as set forth in this Amendment shall not establish a custom or waive, limit or condition the rights and remedies of Lender under the Agreement, the Note or any of the Other Agreements, all of which rights and remedies are expressly reserved, except as expressly provided in this Amendment.

5.8 No Waiver. No waiver of any default or breach by Borrower or any Guarantor hereunder shall be implied from any failure by Lender to take action on account of such default if such default persists or is repeated and no express waiver shall affect any default other than the default specified in the waiver and shall be operative only for the time and to the extent therein stated. Waivers of any covenant, term or condition contained herein must be in writing signed by Lender and shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. The consent or approval by Lender to or of any act by Borrower or any Guarantor requiring further consent or approval shall not be deemed to waive or render unnecessary the consent or approval to or of any subsequent similar act.

5.9 No Third Parties Benefited. This Amendment is made and entered into for the sole protection and benefit of Lender, Guarantors and Borrower, their successors and assigns, and no other person or persons shall have any right of action hereon.

5.10 Notices. Any notice, demand or request required hereunder shall be given in writing (at the addresses set forth below) by any of the following means: (a) personal service; (b) electronic communicating, whether by telex, telegram or telecopying; or (c) registered or certified, first class mail, return receipt requested.

(i) If to Borrower:

Bestway Rental, Inc.
7800 Stemmons Freeway
Suite 320
Dallas, Texas 75247
Attention: Brooks Reed

with a copy to:

Akin, Gump, Hauer & Feld
4100 First City Center
1700 Pacific Avenue
Dallas, Texas 75201
Attention: Steve Hatfield, Esq.

(ii) If to Lender:

GLENFED Financial Corporation
12720 Hillcrest Road
Suite 700
Dallas, Texas 75230
Attention: John Webster

and to:

Irell & Manella
1800 Avenue of the Stars, Suite 900
Los Angeles, California 90067
Attn: Steven Thomas, Esq.

(iii) If to Guarantors:

EZY Acquisition, Inc.
EZY Rental, Inc.
U.S. Credit-Service Corporation
K.C. Resource Service Corporation
Westdale Data Service, Inc.
c/o 7800 Stemmons Freeway
Suite 320
Dallas, Texas 75247
Attention: Brooks Reed

Such addresses may be changed by notice to the other parties given in the same manner as above provided. Any notice, demand or request sent pursuant to either subsection (a) or (b) hereof shall be deemed received upon such personal service or upon dispatch by electronic means, and, if sent pursuant to subsection (c) shall be deemed received forty-eight (48) hours following deposit in the mail. Any notice, demand, request or application sent to Lender from Borrower pursuant to the Agreement, this Amendment or any of the Other Documents shall be in writing, executed by Borrower and each Guarantor.

5.11 Authority To File Notices. Borrower irrevocably appoints, designates and authorizes Lender as Borrower's agent (said agency being coupled with an interest) to file for record any notices of completion, cessation of labor, or any other notice that Lender deems necessary or desirable to protect its interest hereunder, or under the Agreement, or under the Note or any of the Other Agreements.

5.12 Successors and Assigns. The terms hereof shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto; provided, however, that Borrower shall not assign its rights hereunder in whole or in part without the prior written consent of Lender and any such assignment without said consent shall be void.

5.13 Time. Time is of the essence hereof.

5.14 Amendments, etc. No amendment, modification, termination, or waiver of any provision of this Amendment, the Agreement or of any of the Other Agreements nor consent to any departure by Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by Lender, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

5.15 Execution in Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument.

5.16 Headings. The article and section headings in no way define, limit, extend or interpret the scope of this Amendment or of any particular article or section.

5.17 Number and Gender. When the context in which the words are used in this Amendment indicates that such is the intent, words in the singular number shall include the plural and vice-versa. References to any one gender shall include the other gender if applicable under the circumstances.

5.18 Validity. In the event that any provision of this Amendment shall be held to be invalid, the same shall not affect in any respect whatsoever the validity of the remainder of this Amendment.

5.19 Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of Texas.

5.20 Survival of Warranties. All agreements, representations, and warranties made herein shall survive the execution and delivery of this Amendment and each of the Loan Documents and the execution and delivery of the Replacement Note.

5.21 Reimbursement of Costs and Expenses.

(a) Borrower shall from time to time, on demand, reimburse Lender for, and hereby agrees to indemnify Lender against, all liabilities, claims, debts, losses, demands, actions, suits, charges, attorneys' fees, consultants' fees and other expenses incurred by Lender in the exercise of its powers, rights and duties hereunder and in documentation, closing enforcement and administration of the Note, including, without limitation, protecting Lender's security for the Note, and payment of Obligations of Borrower which Lender may make, and in connection with any refinancing of or restructuring of the Note, including, but not limited to, extensions, renewals, revisions or "workouts", or if any bankruptcy, insolvency or debtor-relief proceeding is commenced by or against Borrower, the fees and expenses of legal counsel for Lender incurred in connection therewith, including, but not limited to, attendance of such counsel at meetings of creditors for the consideration of such proceedings, shall be recoverable from Borrower upon demand. Borrower's obligations under this Section shall survive the repayment of the Note.

(b) In the event that Borrower fails, within ten (10) days after Lender's demand therefor to pay to Lender any sum advanced or expense incurred by Lender pursuant this Section or under the Agreement or any of the Other Agreements, the amount of such advance or expense shall bear interest from the date advanced or incurred at the Default Rate (as defined in the Note); provided, however, that this provision shall be in addition to all other rights and remedies of Lender hereunder and shall not be deemed to limit Lender's right to compel prompt performance hereunder or thereunder.

5.22 Language of Amendment. The language of this Amendment shall be construed as a whole according to its fair meaning, and not strictly for or against any party.

5.23 Integrated Contract. This Amendment and any agreement, document or instrument attached hereto or referred to herein integrate all the terms and conditions mentioned herein or incidental hereto, and supersede all oral negotiations and prior writings in respect to the subject matter hereof. In the event of any conflict between the terms, conditions and provisions of this Amendment and any such agreement, document or instrument, the terms, conditions and provisions of this Amendment shall prevail.

5.24 Waiver of Jury Trial. BORROWER AND LENDER EACH HEREBY WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AMENDMENT OR THE AGREEMENT OR ANY OF THE OTHER AGREEMENTS OR RELATING THERETO OR ARISING FROM THE LENDING RELATIONSHIP WHICH IS THE SUBJECT OF THIS AGREEMENT AND AGREE THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

5.25 Waiver of Consequential Damages. In no event shall Lender be liable to Borrower for consequential damages, whatever the nature of a breach by Lender of its obligations under this Amendment, or the Agreement or any of the Other Agreements, and Borrower and each Guarantor hereby waive all claims for consequential damages.

5.26 Claims Against Lender. Lender shall not be in default under this Amendment, or the Agreement or any of the Other Agreements, unless a written notice specifically setting forth the claim of Borrower or any Guarantor shall have been given to Lender within 60 days after Borrower or such Guarantor first had knowledge of the occurrence of the event which Borrower or such Guarantor alleges gave rise to such claim and Lender does not remedy or cure or begin to diligently seek to cure the default, if any there be, promptly thereafter. If it is determined in any proceedings that Lender has improperly failed to grant its consent or approval, where such consent or approval is required by this Amendment or the Agreement or any of the Other Agreements, Borrower's and Guarantors' sole remedy shall be to obtain declaratory relief determining such withholding to have been improper, and each Guarantor and Borrower hereby waive all claims for damages or set-off against Lender resulting from any withholding of consent or approval by Lender.

5.27 References to Loan Documents. Any reference in this Amendment to the Agreement and any of the Other Agreements, shall include and be deemed to include a reference to any and all present and future written amendments, modifications, substitutions, replacements, rearrangements, restatements, extensions, and renewals thereof and thereto, executed by Lender.

5.28 Further Assurances. Borrower shall execute and deliver from time to time, promptly after any request therefor by Lender, any and all instruments, agreements and documents and shall take such other action as may be necessary or desirable in the opinion of Lender to maintain, perfect or insure Lender's security provided for, including, without limitation, the execution of UCC-1 extension statements, the execution of such amendments to the Agreement and/or the Other Agreements, all as Lender may require, and shall pay all fees and expenses (including attorneys' fees) related thereto.

5.29 Banking Day. As used in this Agreement, a "day" is a calendar day; a "business day" is a calendar day other than a Saturday, Sunday or legal holiday; and a Banking Day is a business day upon which Lender is open for the conduct of its business at its Dallas, Texas offices.

IN WITNESS WHEREOF, Borrower, Guarantors and Lender have executed this Amendment the day and year first above written.

BORROWER

BESTWAY RENTAL, INC., a
Delaware corporation
formerly known as Amarco Resources
Corporation

By: R Brooks Reed
R. Brooks Reed, President

Fed Tax I.D. #81-0332743

GUARANTOR

EZY ACQUISITION, INC.

By: R Brooks Reed
President

Fed Tax I.D. #75-2193497

GUARANTOR

EZY RENTAL, INC.

By: R Brooks Reed
Chief Executive Officer

Fed Tax I.D. #62-1156488

GUARANTOR

U.S. CREDIT-SERVICE CORPORATION

By: R Brooks Reed
President

Fed Tax I.D. #43-1310882

GUARANTOR

K.C. RESOURCE SERVICE CORPORATION

By: R Brooks Reed
President

Fed Tax I.D. #43-1428836

GUARANTOR

WESTDALE DATA SERVICE, INC.

By: R Brooks Reed
President

Fed Tax I.D. #75-1426006

GLENFED FINANCIAL CORPORATION

By:
Vice President Title

Exhibit A

Replacement Note

Exhibit B

Termination and Release of Participation Interest

Exhibit C

Amendment to Intercreditor and Subordination Agreement

Exhibit D

1. Borrower may be as much as 30 day behind in paying its accounts payable.

2. Borrower has failed to make any payments of principal or interest, when due, under the Junior Indebtedness as defined in that certain Intercreditor and Subordination Agreement dated as of February 24, 1988, as amended from time to time, and Borrower is therefore in default under those documents and agreements evidencing the Junior Indebtedness.

3. Borrower has not yet sold the Midwest Properties as required pursuant to the Agreement.

EXHIBIT A

SECURED RENEWAL, EXTENSION AND MODIFICATION PROMISSORY NOTE

$4,648,477.47
Principal Amount

Dated as of
February 24 1991

After date, Bestway Rental, Inc. ("Maker") promises to pay to GLENFED Financial Corporation ("GFC") or order the principal sum of Four Million Six Hundred Forty-Eight Thousand Four Hundred Seventy-Seven and 47/100 ($4,648,477.47) and to pay interest on the principal outstanding from time-to-time, subject to post-maturity adjustment, at the interest rate of 6% per annum from the date hereof until July 24, 1991, at which time the interest rate hereunder shall increase to 10% per annum until maturity.

Interest shall be payable on a monthly basis commencing March 24, 1991 and on the 24th day of each month thereafter until July 24, 1992, at which time all principal and interest will be fully due and payable.

If any installment of interest or the balance of principal and interest due of the maturity of this note (whether July 24, 1992 or by acceleration) is not paid within ten (10) days of its due date, the entire unpaid principal balance hereunder shall accrue interest at 4% above the rate being charged currently (but in no event more than the highest rate permitted by relevant law) from the due date until paid.

Notwithstanding the required monthly interest installments hereunder, in the event any required interest installments (but not default rate interest) due prior to and including the July 24, 1991 interest installment remain unpaid by Maker, then (10) days after such installments' due date, such past due amount shall automatically be added to the principal balance of that certain original promissory note dated of even date herewith by Maker in favor of GFC in an original principal amount not exceeding $275,000, and such amounts shall bear interest at the rate set forth in and be payable according to the terms of, the Capitalization Note (the "Capitalization Note").

All payments received shall be applied first to accrued interest, and then to principal. Interest is computed hereunder on the basis of a 360 day year for actual days elapsed.

Maker promises to pay reasonable attorneys' fees if placed in the hands of an attorney for collection after maturity. Upon non-payment of any installment within ten (10) days of its maturity, all remaining indebtedness shall, at the option of the holder hereof, become due and payable forthwith. In no event shall maker be obligated to pay any interest in excess of the amount permitted by relevant law, whether upon demand by the holder hereof for payment of the indebtedness evidenced hereby, upon acceleration of the maturity hereof, or otherwise. The holder hereof may grant to the maker, any endorsers and any other persons obligated hereon, extensions of the time for payment of this note and/or the maturity of any installment or installments, in whole or in part, without limit as to the number of such extensions, or the period or periods thereof. Maker acknowledges receipt of value hereunder, and waives any requirement of protest.

All agreements between the undersigned and the holder hereof, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of demand for payment or acceleration of the maturity hereof or otherwise, shall the interest contracted for, charged or received by the holder hereof exceed the maximum amount permissible under applicable law. If, from any circumstance whatsoever, interest would otherwise be payable to the holder hereof in excess of the maximum lawful amount, the interest payable to the holder hereof shall be reduced to the maximum amount permitted under applicable law; and if from any circumstance the holder hereof shall ever receive anything of value deemed interest by applicable law in excess of the maximum lawful amount, an amount equal to any excessive interest shall be applied to the reduction of the principal hereof and not the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof such excess shall be refunded to the undersigned. This paragraph shall control all agreements between the Maker and the holder hereof.

This note renews, extends, and modifies the existing indebtedness of Maker to GFC pursuant to that certain Secured Modification Promissory Note in the principal amount of $4,557,419.65 dated to be effective June 24, 1990 by Maker as payor in favor of GFC as payee (the "Bullet Note"), and supercedes the terms of the Bullet Note, the existing indebtedness under the Bullet Note being $4,648,447.47 as of the date hereof. This note is secured by the "Collateral" as defined in that certain Revolving Loan, Security Agreement, and Collateralized Guaranty dated February 24, 1988, as amended May 17, 1988, September 23, 1988, April 4, 1990, July 19, 1990, October 2, 1990 and June 1, 1990 (the "Contract").

BESTWAY RENTAL, INC.

R Brooks Reed

R. Brooks Reed, President

THIS NOTE has been AMENDED AND RESTATED by THAT CERTAIN FULL REPLACEMENT SECURED PROMISSORY NOTE DATED AS OF MARCH 4, 1992 IN THE ORGINAL PRINCIPAL AMOUNT OF $750,000.

EXHIBIT D

SECURED CAPITALIZATION PROMISSORY NOTE

$275,000
Not to exceed
Principal Amount

Dated as of
February 25, 1991

After date, Bestway Rental, Inc. ("Maker") promises to pay to GLENFED Financial Corporation ("GFC") or order the principal sum not to exceed (i) Two Hundred Seventy-Five Thousand ($275,000), or (ii) such lesser principal sum as may actually be advanced by GFC to Maker pursuant to the capitalization of interest accrued hereunder and the following promissory notes by Borrower in favor of GFC: (A) that certain Secured Renewal, Extension and Modification Promissory Note in the principal amount of $4,648,447.47 of even date herewith by Maker in favor of GFC; (B) that certain Secured First Participation Advance Promissory Note in the principal amount of $100,000 dated March 27, 1991; and (C) that certain Secured Second Participation Advance Promissory Note in the principal amount of $50,000 dated April 16, 1991 and to pay interest on the principal outstanding from time-to-time, subject to post-maturity adjustment, at the interest rate of 6% per annum from the date hereof until July 24, 1991, at which time the interest rate hereunder shall increase to 10% per annum until maturity.

Interest shall be payable on a monthly basis commencing March 24, 1991 and on the 24th day of each month thereafter until July 24, 1992, at which time all principal and interest will be fully due and payable.

If any installment of interest or the balance of principal and interest due of the maturity of this note (whether July 24, 1992 or by acceleration) is not paid within ten (10) days of its due date, the entire unpaid principal balance hereunder shall accrue interest at 4% above the rate being charged currently (but in no event more than the highest rate permitted by relevant law) from the due date until paid.

Notwithstanding the required monthly interest installments hereunder, in the event any interest installments due prior to and including the July 24, 1991 interest installment remain unpaid by Maker, then (10) days after such installments' due date, such past due amount shall automatically be added to the principal balance of this Note and such amounts shall bear interest at the rate set forth in and be payable according to the terms hereof.

All payments received shall be applied first to accrued interest, and then to principal. Interest is computed hereunder on the basis of a 360 day year for actual days elapsed.

Maker promises to pay reasonable attorneys' fees if placed in the hands of an attorney for collection after maturity. Upon non-payment of any installment within ten (10) days of its maturity, all remaining indebtedness shall, at the option of the holder hereof, become due and payable forthwith. In no event shall maker be obligated to pay any interest in excess of the amount permitted by relevant law, whether upon demand by the holder hereof for payment of the indebtedness evidenced hereby, upon acceleration of the maturity hereof, or otherwise. The holder hereof may grant to the maker, any endorsers and any other persons obligated hereon, extensions of the time for payment of this note and/or the maturity of any installment or installments, in whole or in part, without limit as to the number of such extensions, or the period or periods thereof. Maker acknowledges receipt of value hereunder, and waives any requirement of protest.

All agreements between the undersigned and the holder hereof, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of demand for payment or acceleration of the maturity hereof or otherwise, shall the interest contracted for, charged or received by the holder hereof exceed the maximum amount permissible under applicable law. If, from any circumstance whatsoever, interest would otherwise be payable to the holder hereof in excess of the maximum lawful amount, the interest payable to the holder hereof shall be reduced to the maximum amount permitted under applicable law; and if from any circumstance the holder hereof shall ever receive anything of value deemed interest by applicable law in excess of the maximum lawful amount, an amount equal to any excessive interest shall be applied to the reduction of the principal hereof and not the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof such excess shall be refunded to the undersigned. This paragraph shall control all agreements between the Maker and the holder hereof.

This Note is an "Obligation" of Maker to GFC as defined in that certain Revolving Loan, Security Agreement, and Collateralized Guaranty dated February 24, 1988 as amended May 17, 1988, September 23, 1988, April 4, 1990, July 19, 1990 and October 2, 1990 (the "Contract"), and is secured by the Real Estate and Collateral as defined in the Contract.

BESTWAY RENTAL, INC.

R. Brooks Reed, President

THIS NOTE has been AMENDED AND RESTATED by THAT CERTAIN FULL REPLACEMENT SECURED PROMISSORY NOTE DATED AS OF MARCH 4, 1992 IN THE ORGINAL PRINCIPAL AMOUNT OF $750,000.

COPY

FULL REPLACEMENT

SECURED PROMISSORY NOTE

$750,000.00

March 4, 1992

FOR VALUE RECEIVED, the undersigned, BESTWAY RENTAL, INC., a Delaware corporation, formerly known as Amarco Resources Corporation ("Borrower"), hereby promises to pay to, or to the order of GLENFED FINANCIAL CORPORATION, a California corporation ("Lender"), the principal sum of Seven Hundred Fifty Thousand Dollars ($750,000.00), together with any accrued and unpaid interest thereon, on December 31, 1992 (the "Maturity Date").

The Rate of interest on the indebtedness evidenced hereby is twelve percent (12%) per annum (the "Note Rate"). Interest accruing on the principal balance hereof shall be due and payable monthly in arrears on the first day of each month, commencing with March 1, 1992 and continuing on the first day of each month thereafter until the Maturity Date when the entire outstanding principal balance hereof plus all accrued and unpaid interest shall be due and payable. Interest not paid when due shall (to the maximum extent permitted by applicable law) bear interest at the Default Rate (as hereinafter defined) until paid in full.

Notwithstanding the foregoing, following the maturity of the indebtedness evidenced hereby, whether by acceleration or otherwise, or upon the occurrence of an Event of Default (as defined in that certain Revolving Loan, Security Agreement and Collateralized Guaranty dated as of February 24, 1988 and executed by, among others, Borrower and Guarantor, as amended, including that certain Seventh Amendment to Revolving Loan, Security Agreement and Collateralized Guaranty dated of even date herewith, as amended, the "Agreement"), the unpaid principal amount hereof from time to time outstanding shall thereafter bear interest at a per annum rate equal to the sum of (a) the Note Rate, plus (b) two percent (2%) (the "Default Rate"). Following the maturity of the indebtedness evidenced hereby, whether by acceleration or otherwise, all accrued interest shall be payable upon demand.

This Note is a replacement of that certain Secured Renewal, Extension and Modification Promissory Note in the original principal amount of $4,648,477.47 dated as of February 24, 1991, executed by Borrower in favor of Lender (the "Prior Note") and that certain Secured Capitalization Promissory Note in the original principal amount of not to exceed $275,000.00 dated as of February 25, 1991, executed by Borrower in favor of Lender (the "Interest Note"). From and after the date hereof, this Note shall evidence all of the

COPY

indebtedness previously evidenced by the Prior Note and the Interest Note.

All computations of interest hereunder shall be made by Lender on the basis of a year of 360 days for the actual number of days occurring in the period for which such interest is payable.

Subject to the terms and conditions contained herein, Borrower may, from time to time, repay or prepay this Note in whole, but not in part, provided that Borrower shall first give Lender not less than ten (10) Banking Days prior written notice of any such prepayment of the Note. Any prepayment or repayment of principal of this Note shall include accrued interest to the date of prepayment or repayment on the principal amount being prepaid or repaid. Any prepayment shall be applied first to satisfaction of any accrued and unpaid interest and the balance shall be applied against the principal balance hereof.

This Note is secured by, among other things, the Agreement and the Collateral described therein and other security as described in the Agreement and any of the Other Agreements (as defined in the Agreement).

If Borrower fails to make payment in full of the indebtedness evidenced hereby, on the date such indebtedness matures, whether by acceleration or otherwise, or if Borrower fails to make any other payment of principal and/or interest on or before the date on which such payment is required to be made hereunder or under the Agreement or any of the Other Agreements (as defined in the Agreement), or upon the occurrence of a Default or an Event of Default under the Agreement or any of the Other Agreements (as defined in the Agreement), or any default under any other document or instrument securing or relating to the indebtedness evidenced hereby, unless such Event of Default, Default or default is fully cured to Lender's satisfaction within applicable time periods, if any, Lender may, at its sole option and without notice to Borrower (which notice is hereby expressly waived), declare immediately due and payable the entire unpaid principal balance of this Note together with all accrued interest thereon.

Both principal and interest are payable in lawful money of the United States of America to the account of GLENFED Financial Corporation, Bank of New York, New York, NY, ABA No. 021000018, Account No. 8900000783 in immediately available funds free and clear of, and without deduction or offset for, any present or future taxes, levies, imposts, deductions, charges, withholdings, or liabilities with respect thereto to the fullest extent permitted by law. For purposes hereof and of the Agreement and all of the Other Agreements, a payment or prepayment shall be deemed made by Borrower and received by Lender either (i) on the date on which Lender actually receives such payment or prepayment in the manner described in this paragraph if such payment or prepayment is actually received by Lender on or before 1 p.m. Eastern Standard Time on such date, or (ii) on the Business Day in New York following the date on which such payment or prepayment is actually received by Lender if Lender actually receives such payment or prepayment after 1 p.m. Eastern Standard Time on such date.

This Note shall be governed by and construed under the laws of the State of Texas.

For purposes of this Note:

(a) "Banking Day" shall mean a Business Day (as hereinafter defined) on which Lender is open for the conduct of business at its Dallas, Texas offices.

(b) "Business Day" shall mean a day other than a Saturday, Sunday or legal holiday or any other day on which banks are closed.

Borrower hereby agrees to indemnify and save Lender harmless from and against any liability (either directly or by way of deductions, withholding or otherwise) for any tax (whether income, documentary, sales, stamp, registration, capital, property or otherwise), duty, levy, impost, fee, or charge in respect of, or arising out of, the execution and delivery of or performance under this Note or the recordation or filing of any documents or instruments relating to or perfection of any interest in any collateral securing this Note, other than taxes which are assessed on a net income basis.

All persons or corporations now or at any time liable for payment of the indebtedness evidenced hereby, for themselves, their heirs, legal representatives, successors and assigns, respectively, expressly waive presentment for payment, notice of dishonor, protest, notice of protest, and diligence in collection, and agree that the time of said payments or any part thereof may be extended by Lender or any holder hereof, without in any way modifying, altering, releasing, affecting, or limiting their respective liability. If this Note is not paid when due, Borrower promises to pay all costs of collection and attorneys' fees incurred by Lender, whether or not suit is filed hereon.

It is the intention of Borrower and Lender to comply with all applicable usury laws. In furtherance of this intention, all agreements between Borrower and Lender are expressly limited so that in no contingency or event shall the amount paid or agreed to be paid to Lender, for the use, forbearance, or detention of money under this Note, exceed the maximum amount permissible under applicable law. If, due to any circumstance, payment of any amount required under this Note shall be prohibited by law, the obligation to be fulfilled shall be reduced to the maximum allowed by law. If, due to any circumstance, Lender should ever receive as interest an amount which would exceed the highest rate, the amount which would be excessive interest shall be applied to the reduction of the principal of this Note and not to the payment of interest. This provision shall control all other provisions of all agreements between Borrower and Lender.

The words "Borrower" and "Lender" shall be deemed to include the respective heirs, personal representatives, successors and assigns of each, and shall denote the singular and/or plural, and the masculine and/or feminine, and natural and/or artificial persons, whenever and wherever the context so requires. If more than one party is named as Borrower, the obligations hereunder of each such party shall be deemed joint and several.

All notices, demands, requests and consents permitted or required under this Note shall be given in the manner prescribed in the Agreement.

Time shall be of the essence in this Note with respect to all of Borrower's obligations hereunder.

If any provision hereof should be held unenforceable or void, then such provision shall be deemed separable from the remaining provisions and shall in no way affect the validity of this Note, except that if such provision relates to the payment of any monetary sum, then Lender may at its option declare the indebtedness evidenced hereby immediately due and payable.

BESTWAY RENTAL, INC.,
a Delaware corporation

By: ______________________
Its: President

SECOND AMENDMENT TO
INTERCREDITOR AND SUBORDINATION AGREEMENT

This Second Amendment to Intercreditor and Subordination Agreement (the "Amendment") is entered into as of this ~~2nd~~ 11th day of March, 1992 by and among O'Donnell & Masur, a Delaware limited partnership ("OM"), GLENFED Financial Corporation, a California corporation ("GFC"), and Bestway Rental, Inc., a Delaware corporation formerly known as Amarco Resources Corporation ("Bestway").

RECITALS

A. Donald Stephens, Charles J. Thal and InterFirst Capital Corporation (collectively, the "Original Junior Lenders") and GFC entered into that certain Intercreditor and Subordination Agreement dated as of February 24, 1988 (the "Agreement"; terms defined in the Agreement are used in this Amendment as defined in the Agreement, unless otherwise defined in this Amendment), pursuant to the terms of which the Original Junior Lenders agreed to subordinate the Junior Indebtedness to the Senior Indebtedness.

B. OM has acquired from the Original Junior Lenders the following promissory notes that constitute Junior Indebtedness (the "Notes"): (i) the promissory note of EZYAI, dated February 24, 1988, in the original principal amount of $1,502,289.23, payable to the order of Thal, (ii) the promissory note of EZYAI, dated June 25, 1987, in the original principal amount of $2,352,546.66 payable to the order of Stephens and (iii) the promissory note of EZY, dated June 26, 1987, in the original principal amount of $2,000,000 payable to the order of ICC.

C. OM has advanced $383,000 to Bestway (the "Loan"), which is evidenced by the promissory note of Bestway dated as of March 31, 1990 in the principal amount of $383,000 ("OM Note") payable to OM and on September 4, 1991, OM also advanced certain sums to Bestway and Bestway executed and delivered to OM that certain Term Promissory Note in the original principal amount of $90,000, which Term Promissory Note and OM Note are by their terms expressly subject to the Agreement and are included within the term Junior Indebtedness.

D. On April 2, 1990 OM, GFC and Bestway entered into that certain First Amendment to Intercreditor and Subordination Agreement to reflect OM's acquisition of the Notes and to subordinate the Loan to the Senior Indebtedness.

The term "Agreement" as used herein shall mean the Agreement as amended by the First Amendment.

E. OM and GFC desire to amend the Agreement to redefine Senior Indebtedness.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt, sufficiency and fairness of which are hereby acknowledged, the parties agree as follows:

1. Definition of Senior Indebtedness. The term "Senior Indebtedness" as defined in paragraph 1 of the Agreement and as used herein is hereby amended by adding at the end of the first sentence thereof the following: "including, without limitation, that certain Full Replacement Secured Promissory Note dated of even date herewith in the original principal amount of Seven Hundred Fifty Thousand Dollars ($750,000.00) (the "Replacement Note") executed by Bestway in favor of GFC pursuant to that certain Seventh Amendment to Revolving Loan, Security Agreement and Collateralized Guaranty dated of even date herewith and executed by, inter alia, Bestway as Borrower and GFC as Lender, and any and all renewals, replacements, supplements, modifications or amendments to the Replacement Note." Any and all references to the term Senior Indebtedness contained in any document, instrument or agreement related to any or all of the Senior Indebtedness shall mean the definition of Senior Indebtedness as amended by this Amendment.

2. Reaffirmation. Bestway and OM hereby expressly restate and reaffirm each and all of their respective covenants, obligations, agreements, representations and warranties contained in the Agreement as if each of such covenants, obligations, agreements, representations and warranties were set forth herein in their entirety, including, without limitation, OM hereby reaffirms and restates each and all of the covenants, obligations, agreements, representations and warranties of each of the Original Junior Lenders as contained in the Agreement. OM hereby also acknowledges and agrees that any and all liens or encumbrances in favor of OM and/or the Original Junior Lenders relating to any or all of the Junior Indebtedness, whether existing now or in the future, on any of the Collateral, as defined in that certain Revolving Loan, Security Agreement and Collaterized Guaranty dated as of February 24, 1988 by and among, inter alia, GFC and Bestway, as amended (the "Loan Agreement"), are and shall continue to be junior in all respects to any lien or encumbrance relating to any or all of the Senior Indebtedness.

3. No Assignment. OM hereby represents and warrants that it has not assigned, pledged, conveyed, hypothecated,

transferred, encumbered or otherwise alienated any or all of the Junior Indebtedness or any of its interest therein.

4. Effect of Amendment. Except as set forth expressly in this Amendment, all terms of the Agreement shall be and remain in full force and effect, and shall constitute legal, valid, binding and enforceable obligations of the parties.

5. Successors. This Amendment shall in all respects be binding upon and inure to the benefit of the parties hereto, and their successors, assigns, heirs and personal representatives.

6. CONSTRUCTION. THIS AMENDMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

7. Counterparts. This Amendment may be executed in one or more counterparts, such counterparts, when taken together, shall be deemed to constitute one and the same instrument, enforceable against each party in accordance with its terms.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment on and as of the date and year first above written.

O'DONNELL & MASUR, L.P.
a Delaware limited partnership

By:
Title: General Partner

GLENFED FINANCIAL CORPORATION,
a California corporation

By:
Title: Vice President

BESTWAY RENTAL, INC.,
a Delaware corporation

By: ______________________
Title: ______________________

transferred, encumbered or otherwise alienated any or all of the Junior Indebtedness or any of its interest therein.

4. Effect of Amendment. Except as set forth expressly in this Amendment, all terms of the Agreement shall be and remain in full force and effect, and shall constitute legal, valid, binding and enforceable obligations of the parties.

5. Successors. This Amendment shall in all respects be binding upon and inure to the benefit of the parties hereto, and their successors, assigns, heirs and personal representatives.

6. CONSTRUCTION. THIS AMENDMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

7. Counterparts. This Amendment may be executed in one or more counterparts, such counterparts, when taken together, shall be deemed to constitute one and the same instrument, enforceable against each party in accordance with its terms.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment on and as of the date and year first above written.

O'DONNELL & MASUR, L.P.
a Delaware limited partnership

By: ______________________
Title: ______________________

GLENFED FINANCIAL CORPORATION,
a California corporation

By: ______________________
Title: ______________________

BESTWAY RENTAL, INC.,
a Delaware corporation

By: R. Brooks Reed
Title: President

TERMINATION AND RELEASE

OF

PARTICIPATION INTEREST

THIS TERMINATION AND RELEASE OF PARTICIPATION INTEREST (the "Termination and Release") is entered into this 2nd day of March, 1992 by and among O'DONNELL & MASUR, L.P., a Delaware limited partnership ("Participant"), and GLENFED FINANCIAL CORPORATION, a California corporation ("Lender"), with reference to the following:

A. On October 3, 1990, Participant and Lender entered into that certain Participation Agreement ("Participation Agreement") with regard to the Participation in the Bullet Note, the Loan, the Shared Collateral and the Payments, all as defined in the Participation Agreement.

B. On June 20, 1991, Participant and Lender entered into that certain Second Participation Agreement (the "Second Participation Agreement") with regard to the Participation in the Loan, the Notes, the Shared Collateral and the Payments, all as defined in the Second Participation Agreement.

C. As part of that certain Modification as described in that certain Seventh Amendment to Revolving Loan, Security Agreement and Collateralized Guaranty dated of even date herewith and executed by and among, inter alia, Lender and Bestway Rental, Inc., a Delaware corporation as Borrower, Participant and Lender desire to terminate the Participation Agreement and the Second Participation Agreement.

NOW, THEREFORE, for and in consideration of the mutual promises and covenants contained herein, and for good and valuable consideration, the receipt, sufficiency and fairness of which is acknowledged, the parties hereto hereby agree as follows:

1. Release. Effective upon the date hereof, Participant hereby expressly, unconditionally, fully and irrevocably relinquishes, quitclaims, releases, transfers, assigns, conveys and gives to Lender all of Participant's right, title and interest in and to and under each and both of the Participation Agreement and the Second Participation Agreement, including, without limitation, all of Participant's right, title and interest in and to the Participation, the Notes, the Bullet Note, the Shared Collateral, the Payments and the Loan as each is defined in the Participation Agreement and the Second Participation Agreement.

2. Termination. Effective upon the date hereof, Participant and Lender hereby mutually terminate the Participation Agreement and the Second Participation Agreement, and from and after the date hereof, Lender and Participant shall no longer have any rights, obligations or liabilities toward the other or any other party under either or both of the Participation Agreement and the Second Participation Agreement.

3. No Assignment. Participant hereby represents and warrants to Lender that Participant has not transferred, pledged, conveyed, hypothecated, encumbered or otherwise alienated any or all of its right, title and interest in and to either of the Participation Agreement or the Second Participation Agreement, or any of its rights therein.

4. Successors. This Termination and Release shall in all respects be binding upon and inure to the benefit of the parties hereto, their successors, assigns, heirs and personal representatives.

5. Counterparts. This Termination and Release may be executed in one or more counterparts, such counterparts, when taken together, shall be deemed to constitute one and the same instrument, enforceable against each party in accordance with its terms.

6. CONSTRUCTION. THIS TERMINATION AND RELEASE SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

IN WITNESS WHEREOF, the parties hereto have executed this Termination and Release of the date first above written.

"Participant"

O'DONNELL & MASUR, L.P.,
a Delaware limited partnership

By: ______________________
Its: General Partner

"Lender"

GLENFED FINANCIAL CORPORATION,
a California corporation

By: ______________________
Its: Vice President

SENIOR SUBORDINATED PROMISSORY NOTE

$650,000

Mar 4, 1992

FOR VALUE RECEIVED, Bestway Rental, Inc., a Delaware corporation (the "Maker"), hereby promises to pay to the order of O'Donnell & Masur, L.P., a Delaware limited partnership ("Payee"), at such place as from time to time may be designated by the holder of this Note, the principal sum of SIX HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS ($650,000), together with interest on the principal balance from time to time remaining unpaid from the date hereof until default or maturity at a rate per annum equal to the lesser of (i) the rate of interest designated by Bank One-Texas, N.A. from time to time as the Prime Rate, which rate is merely a reference rate and is not intended to be the lowest rate of interest charged by banks in connection with extensions of credit to debtors, plus one and one-half percent (1½%) per annum, calculated on the basis of the actual number of calendar days elapsed but computed as if each year consisted of three hundred sixty (360) days and (ii) the maximum lawful rate of interest that may be charged under the applicable laws of the State of Texas (the "Agreement Rate").

1. Interest Payable. Interest hereunder from the date hereof shall be due and payable (i) monthly in arrears on the last day of each calendar month, commencing on March 31, 1992, and continuing on the last day of each month thereafter, until maturity, (ii) upon the payment or prepayment, in full or in part, of any principal hereunder, (iii) at the maturity of this Note (whether at the stated maturity, by acceleration or otherwise), at which time the entire unpaid principal balance hereof, together with all unpaid accrued interest thereon, shall be due and payable, and (iv) after maturity, on demand.

2. Principal Payable. Subject to Section 8 hereof, the unpaid principal balance of this Note and accrued, unpaid interest shall be due and payable in full on August 31, 1993 from the date hereof.

3. Replacement. This Senior Subordinated Promissory Note is given in replacement of, and in full satisfaction for, that certain Secured First Participation Advance Promissory Note dated as of March 27, 1991 and that certain Secured Second Participation Advance Promissory Note dated April 16, 1991.

4. Terms.

(a) Each payment, including each prepayment, received by the Payee shall be applied first to late charges and collection expenses, if any, then to the payment of accrued but unpaid interest due hereunder, and then to the reduction of the unpaid principal balance hereof.

(b) The principal of this Note may be prepaid, in whole or in part, at any time or from time to time, at the option of the Maker without premium or penalty, together with interest accrued on the prepaid principal amount to the prepayment date.

(c) All past due principal and interest on this Note shall bear interest at the Agreement Rate from maturity until paid.

(d) If any payment on this Note becomes due and payable on a Saturday, Sunday or other day on which commercial banks located in Dallas, Texas are authorized or required by law to close, the maturity thereof shall be extended to the next succeeding business day and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension.

5. Default.

(a) If a default should occur in the payment of any installment hereof, either principal or interest, promptly when the same shall be due and payable hereunder and shall continue without cure for thirty (30) days after such installment is so due and payable, or if there is any default under any instrument securing payment hereof, then Payee shall have the right and option, without notice or demand, to declare the unpaid balance of principal and accrued interest on this Note at once due and payable.

(b) If, after default, this Note is placed in the hands of an attorney for collection, or if collected through judicial proceedings or through a probate or bankruptcy court. the Maker shall pay, in addition to the sums referred to above, a reasonable sum as a collection or attorneys' fee and all other costs incurred by Payee in collection of the unpaid amounts due hereunder.

6. Exercise of Rights. No failure or delay on the part of the Payee in exercising any right, power or privilege hereunder and no course of dealing between the Maker and the Payee shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

7. Waiver. Except as may be otherwise provided herein, the makers, signers, sureties, guarantors, endorsers and any other party now or hereafter liable for the payment of this Note, in whole or in part, severally (i) waive demand, presentment for payment, notice of nonpayment, notice of dishonor, protest, notice

of protest, notice of intent to demand or accelerate payment hereof, notice of acceleration and all other notices, filing of suit and diligence in collecting this Note or enforcing any of the security herefor, (ii) agree to any substitution, subordination, exchange or the release of any such security or the release of any party primarily or secondarily liable hereon, (iii) agree that Payee shall not be required first to institute suit or exhaust its remedies hereon against the Maker or others liable or to become liable hereon or to enforce its rights against them or any security herefor, and (iv) consent to any extension or postponement of time of payment of this Note and to any other indulgence with respect hereto without notice thereof to any of them.

8. Agreement to Subordinate.

(a) The Maker agrees, and the holder of this Note by accepting this Note agrees, that the principal amount of the indebtedness evidenced by this Note is subordinated to the prior payment in full of that certain Full Replacement Secured Promissory Note of the Maker dated ___________, 1992 in the original principal amount of $750,000 payable to the order of Glenfed (the "Senior Indebtedness"), and the Maker agrees to make no payment of principal on this Note until the Senior Indebtedness is paid in full. These subordination provisions are made for the benefit of the holder of the Senior Indebtedness. These subordination provisions shall constitute a continuing offer to all persons who, in reliance upon such provisions, become holders of, or continue to hold, Senior Indebtedness, and such holders are made obligees hereunder and they or each of them may enforce such provisions.

(b) In the event that the Maker shall make any payment of principal to the holder of this Note on account of this Note in violation of this Section 8, then such payment shall be held by the holder of this Note in trust for and forthwith delivered to the holders of Senior Indebtedness for application to Senior Indebtedness to the extent necessary to pay all Senior Indebtedness in full in accordance with its terms.

(c) The Payee agrees that, so long as any of the Senior Indebtedness shall remain unpaid, the Payee shall not seek to enforce any of its rights against the Maker in connection with this Note, either at law or equity, including, but not limited to, the right to accelerate the payment of this Note.

9. Usury. It being the intention of the parties hereto to conform strictly to the applicable usury laws, all agreements between the Maker and Payee, whether now existing or hereafter arising and whether written or oral, are hereby expressly limited so that in no event, whether by reason of acceleration of the

maturity hereof or otherwise, shall the amount paid or agreed to be paid to Payee for the use, forbearance, or detention of money hereunder or otherwise exceed the maximum amount permissible under applicable law. If fulfillment of any provision hereof or of any agreement, or other document, evidencing or securing the indebtedness evidenced hereby, at the time performance of such provision shall be due shall involve transcending the limit of validity prescribed by law, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity; and if Payee shall ever receive anything of value deemed interest under applicable law which would exceed interest at the highest lawful rate, an amount equal to any excessive interest shall be applied to the reduction of the principal amount owing hereunder and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof, such excess shall be refunded to the Maker. All sums paid or agreed to be paid to Payee for the use, forbearance, or detention of the indebtedness of the Maker to Payee shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full term of such indebtedness so that the rate of interest on account of such indebtedness is uniform throughout the term thereof. The provisions of this paragraph shall control all agreements between the Maker and Payee.

10. CHOICE OF LAW. **THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH TEXAS LAW WITHOUT GIVING EFFECT TO THE CHOICE OF LAW OR CONFLICT OF LAWS RULES THEREOF.**

IN WITNESS WHEREOF, the Maker has duly executed this Note as of the date and year first above written.

BESTWAY RENTAL, INC.

By:
Name: [illegible]
Title: President

AGREED TO AND ACCEPTED:

O'DONNELL & MASUR, L.P.

By:
Name: James R. O'Donnell
Title: General Partner

SENIOR SUBORDINATED PROMISSORY NOTE

$700,000 Mar 4, 1992

FOR VALUE RECEIVED, Bestway Rental, Inc., a Delaware corporation (the "Maker"), hereby promises to pay to the order of O'Donnell & Masur, L.P., a Delaware limited partnership ("Payee"), at such place as from time to time may be designated by the holder of this Note, the principal sum of SEVEN HUNDRED THOUSAND AND NO/100 DOLLARS ($700,000), together with interest on the principal balance from time to time remaining unpaid from the date hereof until default or maturity at a rate per annum equal to the lesser of (i) the rate of interest designated by Bank One-Texas, N.A. from time to time as the Prime Rate, which rate is merely a reference rate and is not intended to be the lowest rate of interest charged by banks in connection with extensions of credit to debtors, plus one and one-half percent (1½%) per annum, calculated on the basis of the actual number of calendar days elapsed but computed as if each year consisted of three hundred sixty (360) days and (ii) the maximum lawful rate of interest that may be charged under the applicable laws of the State of Texas (the "Agreement Rate").

1. Interest Payable. Interest hereunder from the date hereof shall be due and payable (i) monthly in arrears on the last day of each calendar month, commencing on March 31, 1992, and continuing on the last day of each month thereafter, until maturity, (ii) upon the payment or prepayment, in full or in part, of any principal hereunder, (iii) at the maturity of this Note (whether at the stated maturity, by acceleration or otherwise), at which time the entire unpaid principal balance hereof, together with all unpaid accrued interest thereon, shall be due and payable, and (iv) after maturity, on demand.

2. Principal Payable. Subject to Section 7 hereof, the unpaid principal balance of this Note and accrued, unpaid interest shall be due and payable in full on August 31, 1993 from the date hereof.

3. Terms.

(a) Each payment, including each prepayment, received by the Payee shall be applied first to late charges and collection expenses, if any, then to the payment of accrued but unpaid interest due hereunder, and then to the reduction of the unpaid principal balance hereof.

(b) The principal of this Note may be prepaid, in whole or in part, at any time or from time to time, at the option of the Maker without premium or penalty, together with interest accrued on the prepaid principal amount to the prepayment date.

(c) All past due principal and interest on this Note shall bear interest at the Agreement Rate from maturity until paid.

(d) If any payment on this Note becomes due and payable on a Saturday, Sunday or other day on which commercial banks located in Dallas, Texas are authorized or required by law to close, the maturity thereof shall be extended to the next succeeding business day and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension.

4. Default.

(a) If a default should occur in the payment of any installment hereof, either principal or interest, promptly when the same shall be due and payable hereunder and shall continue without cure for thirty (30) days after such installment is so due and payable, or if there is any default under any instrument securing payment hereof, then Payee shall have the right and option, without notice or demand, to declare the unpaid balance of principal and accrued interest on this Note at once due and payable.

(b) If, after default, this Note is placed in the hands of an attorney for collection, or if collected through judicial proceedings or through a probate or bankruptcy court, the Maker shall pay, in addition to the sums referred to above, a reasonable sum as a collection or attorneys' fee and all other costs incurred by Payee in collection of the unpaid amounts due hereunder.

5. Exercise of Rights. No failure or delay on the part of the Payee in exercising any right, power or privilege hereunder and no course of dealing between the Maker and the Payee shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

6. Waiver. Except as may be otherwise provided herein, the makers, signers, sureties, guarantors, endorsers and any other party now or hereafter liable for the payment of this Note, in whole or in part, severally (i) waive demand, presentment for payment, notice of nonpayment, notice of dishonor, protest, notice of protest, notice of intent to demand or accelerate payment hereof, notice of acceleration and all other notices, filing of

suit and diligence in collecting this Note or enforcing any of the security herefor, (ii) agree to any substitution, subordination, exchange or the release of any such security or the release of any party primarily or secondarily liable hereon, (iii) agree that Payee shall not be required first to institute suit or exhaust its remedies hereon against the Maker or others liable or to become liable hereon or to enforce its rights against them or any security herefor, and (iv) consent to any extension or postponement of time of payment of this Note and to any other indulgence with respect hereto without notice thereof to any of them.

7. Agreement to Subordinate.

(a) The Maker agrees, and the holder of this Note by accepting this Note agrees, that the principal amount of the indebtedness evidenced by this Note is subordinated to the prior payment in full of that certain Full Replacement Secured Promissory Note of the Maker dated ____________, 1992 in the original principal amount of $750,000 payable to the order of Glenfed (the "Senior Indebtedness"), and the Maker agrees to make no payment of principal on this Note until the Senior Indebtedness is paid in full. These subordination provisions are made for the benefit of the holder of the Senior Indebtedness. These subordination provisions shall constitute a continuing offer to all persons who, in reliance upon such provisions, become holders of, or continue to hold, Senior Indebtedness, and such holders are made obligees hereunder and they or each of them may enforce such provisions.

(b) In the event that the Maker shall make any payment of principal to the holder of this Note on account of this Note in violation of this Section 7, then such payment shall be held by the holder of this Note in trust for and forthwith delivered to the holders of Senior Indebtedness for application to Senior Indebtedness to the extent necessary to pay all Senior Indebtedness in full in accordance with its terms.

(c) The Payee agrees that, so long as any of the Senior Indebtedness shall remain unpaid, the Payee shall not seek to enforce any of its rights against the Maker in connection with this Note, either at law or equity, including, but not limited to, the right to accelerate the payment of this Note.

8. Usury. It being the intention of the parties hereto to conform strictly to the applicable usury laws, all agreements between the Maker and Payee, whether now existing or hereafter arising and whether written or oral, are hereby expressly limited so that in no event, whether by reason of acceleration of the

maturity hereof or otherwise, shall the amount paid or agreed to be paid to Payee for the use, forbearance, or detention of money hereunder or otherwise exceed the maximum amount permissible under applicable law. If fulfillment of any provision hereof or of any agreement, or other document, evidencing or securing the indebtedness evidenced hereby, at the time performance of such provision shall be due shall involve transcending the limit of validity prescribed by law, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity; and if Payee shall ever receive anything of value deemed interest under applicable law which would exceed interest at the highest lawful rate, an amount equal to any excessive interest shall be applied to the reduction of the principal amount owing hereunder and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof, such excess shall be refunded to the Maker. All sums paid or agreed to be paid to Payee for the use, forbearance, or detention of the indebtedness of the Maker to Payee shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full term of such indebtedness so that the rate of interest on account of such indebtedness is uniform throughout the term thereof. The provisions of this paragraph shall control all agreements between the Maker and Payee.

9. **CHOICE OF LAW**. **THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH TEXAS LAW WITHOUT GIVING EFFECT TO THE CHOICE OF LAW OR CONFLICT OF LAWS RULES THEREOF.**

IN WITNESS WHEREOF, the Maker has duly executed this Note as of the date and year first above written.

BESTWAY RENTAL, INC.

By: R Brooks Reed
Name: R Brooks Reed
Title: President

AGREED TO AND ACCEPTED:

O'DONNELL & MASUR, L.P.

By:
Name: James A. O'Donnell
Title: General Partner

SENIOR SUBORDINATED PROMISSORY NOTE

$500,000 Mar 4, 1992

FOR VALUE RECEIVED, Bestway Rental, Inc., a Delaware corporation (the "Maker"), hereby promises to pay to the order of Euless Aero Components, Inc., a Texas corporation ("Payee"), at such place as from time to time may be designated by the holder of this Note, the principal sum of FIVE HUNDRED THOUSAND AND NO/100 DOLLARS ($500,000), together with interest on the principal balance from time to time remaining unpaid from the date hereof until default or maturity at a rate per annum equal to the lesser of (i) the rate of interest designated by Bank One-Texas, N.A. from time to time as the Prime Rate, which rate is merely a reference rate and is not intended to be the lowest rate of interest charged by banks in connection with extensions of credit to debtors, plus one and one-half percent (1½%) per annum, calculated on the basis of the actual number of calendar days elapsed but computed as if each year consisted of three hundred sixty (360) days and (ii) the maximum lawful rate of interest that may be charged under the applicable laws of the State of Texas (the "Agreement Rate").

1. Interest Payable. Interest hereunder from the date hereof shall be due and payable (i) monthly in arrears on the last day of each calendar month, commencing on March 31, 1992, and continuing on the last day of each month thereafter, until maturity, (ii) upon the payment or prepayment, in full or in part, of any principal hereunder, (iii) at the maturity of this Note (whether at the stated maturity, by acceleration or otherwise), at which time the entire unpaid principal balance hereof, together with all unpaid accrued interest thereon, shall be due and payable, and (iv) after maturity, on demand.

2. Principal Payable. Subject to Section 7 hereof, the unpaid principal balance of this Note and accrued, unpaid interest shall be due and payable in full on August 31, 1993 from the date hereof.

3. Terms.

(a) Each payment, including each prepayment, received by the Payee shall be applied first to late charges and collection expenses, if any, then to the payment of accrued but unpaid interest due hereunder, and then to the reduction of the unpaid principal balance hereof.

(b) The principal of this Note may be prepaid, in whole or in part, at any time or from time to time, at the option of the Maker without premium or penalty, together with interest accrued on the prepaid principal amount to the prepayment date.

(c) All past due principal and interest on this Note shall bear interest at the Agreement Rate from maturity until paid.

(d) If any payment on this Note becomes due and payable on a Saturday, Sunday or other day on which commercial banks located in Dallas, Texas are authorized or required by law to close, the maturity thereof shall be extended to the next succeeding business day and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension.

4. Default.

(a) If a default should occur in the payment of any installment hereof, either principal or interest, promptly when the same shall be due and payable hereunder and shall continue without cure for thirty (30) days after such installment is so due and payable, or if there is any default under any instrument securing payment hereof, then Payee shall have the right and option, without notice or demand, to declare the unpaid balance of principal and accrued interest on this Note at once due and payable.

(b) If, after default, this Note is placed in the hands of an attorney for collection, or if collected through judicial proceedings or through a probate or bankruptcy court, the Maker shall pay, in addition to the sums referred to above, a reasonable sum as a collection or attorneys' fee and all other costs incurred by Payee in collection of the unpaid amounts due hereunder.

5. Exercise of Rights. No failure or delay on the part of the Payee in exercising any right, power or privilege hereunder and no course of dealing between the Maker and the Payee shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

6. Waiver. Except as may be otherwise provided herein, the makers, signers, sureties, guarantors, endorsers and any other party now or hereafter liable for the payment of this Note, in whole or in part, severally (i) waive demand, presentment for payment, notice of nonpayment, notice of dishonor, protest, notice

of protest, notice of intent to demand or accelerate payment hereof, notice of acceleration and all other notices, filing of suit and diligence in collecting this Note or enforcing any of the security herefor, (ii) agree to any substitution, subordination, exchange or the release of any such security or the release of any party primarily or secondarily liable hereon, (iii) agree that Payee shall not be required first to institute suit or exhaust its remedies hereon against the Maker or others liable or to become liable hereon or to enforce its rights against them or any security herefor, and (iv) consent to any extension or postponement of time of payment of this Note and to any other indulgence with respect hereto without notice thereof to any of them.

7. Agreement to Subordinate.

(a) The Maker agrees, and the holder of this Note by accepting this Note agrees, that the principal amount of the indebtedness evidenced by this Note is subordinated to the prior payment in full of that certain Full Replacement Secured Promissory Note of the Maker dated ____________, 1992 in the original principal amount of $750,000 payable to the order of Glenfed (the "Senior Indebtedness"), and the Maker agrees to make no payment of principal on this Note until the Senior Indebtedness is paid in full. These subordination provisions are made for the benefit of the holder of the Senior Indebtedness. These subordination provisions shall constitute a continuing offer to all persons who, in reliance upon such provisions, become holders of, or continue to hold, Senior Indebtedness, and such holders are made obligees hereunder and they or each of them may enforce such provisions.

(b) In the event that the Maker shall make any payment of principal to the holder of this Note on account of this Note in violation of this Section 7, then such payment shall be held by the holder of this Note in trust for and forthwith delivered to the holders of Senior Indebtedness for application to Senior Indebtedness to the extent necessary to pay all Senior Indebtedness in full in accordance with its terms.

(c) The Payee agrees that, so long as any of the Senior Indebtedness shall remain unpaid, the Payee shall not seek to enforce any of its rights against the Maker in connection with this Note, either at law or equity, including, but not limited to, the right to accelerate the payment of this Note.

8. Usury. It being the intention of the parties hereto to conform strictly to the applicable usury laws, all agreements between the Maker and Payee, whether now existing or hereafter

arising and whether written or oral, are hereby expressly limited so that in no event, whether by reason of acceleration of the maturity hereof or otherwise, shall the amount paid or agreed to be paid to Payee for the use, forbearance, or detention of money hereunder or otherwise exceed the maximum amount permissible under applicable law. If fulfillment of any provision hereof or of any agreement, or other document, evidencing or securing the indebtedness evidenced hereby, at the time performance of such provision shall be due shall involve transcending the limit of validity prescribed by law, then, _ipso facto_, the obligation to be fulfilled shall be reduced to the limit of such validity; and if Payee shall ever receive anything of value deemed interest under applicable law which would exceed interest at the highest lawful rate, an amount equal to any excessive interest shall be applied to the reduction of the principal amount owing hereunder and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof, such excess shall be refunded to the Maker. All sums paid or agreed to be paid to Payee for the use, forbearance, or detention of the indebtedness of the Maker to Payee shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full term of such indebtedness so that the rate of interest on account of such indebtedness is uniform throughout the term thereof. The provisions of this paragraph shall control all agreements between the Maker and Payee.

9. _CHOICE OF LAW_. THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH TEXAS LAW WITHOUT GIVING EFFECT TO THE CHOICE OF LAW OR CONFLICT OF LAWS RULES THEREOF.

IN WITNESS WHEREOF, the Maker has duly executed this Note as of the date and year first above written.

BESTWAY RENTAL, INC.

By: R Brooks Reed
Name: R Brooks Reed
Title: President

AGREED TO AND ACCEPTED:

EULESS AERO COMPONENTS, INC.

By: David S. Temin
Name: DAVID S. TEMIN
Title: VICE PRESIDENT

Copy Back

PAY TO THE ORDER OF BANK ONE TEXAS, N.A. WITH RECOURSE.

BY: David S. Tennison

NAME: DAVID S TENNISON

TITLE:: VICE PRESIDENT

SENIOR SUBORDINATED PROMISSORY NOTE

$200,000 Mar 4, 1992

FOR VALUE RECEIVED, Bestway Rental, Inc., a Delaware corporation (the "Maker"), hereby promises to pay to the order of Search Exploration, Inc., a Texas corporation ("Payee"), at such place as from time to time may be designated by the holder of this Note, the principal sum of TWO HUNDRED THOUSAND AND NO/100 DOLLARS ($200,000), together with interest on the principal balance from time to time remaining unpaid from the date hereof until default or maturity at a rate per annum equal to the lesser of (i) twelve percent (12%) per annum, calculated on the basis of the actual number of calendar days elapsed but computed as if each year consisted of three hundred sixty (360) days and (ii) the maximum lawful rate of interest that may be charged under the applicable laws of the State of Texas (the "Agreement Rate").

1. Interest Payable. Interest hereunder from the date hereof shall be due and payable (i) monthly in arrears on the last day of each calendar month, commencing on March 31, 1992, and continuing on the last day of each month thereafter, until maturity, (ii) upon the payment or prepayment, in full or in part, of any principal hereunder, (iii) at the maturity of this Note (whether at the stated maturity, by acceleration or otherwise), at which time the entire unpaid principal balance hereof, together with all unpaid accrued interest thereon, shall be due and payable, and (iv) after maturity, on demand.

2. Principal Payable. Subject to Section 7 hereof, the unpaid principal balance of this Note and accrued, unpaid interest shall be due and payable in full on August 31, 1993 from the date hereof.

3. Terms.

(a) Each payment, including each prepayment, received by the Payee shall be applied first to late charges and collection expenses, if any, then to the payment of accrued but unpaid interest due hereunder, and then to the reduction of the unpaid principal balance hereof.

(b) The principal of this Note may be prepaid, in whole or in part, at any time or from time to time, at the option of the Maker without premium or penalty, together with interest accrued on the prepaid principal amount to the prepayment date.

(c) All past due principal and interest on this Note shall bear interest at the Agreement Rate from maturity until paid.

(d) If any payment on this Note becomes due and payable on a Saturday, Sunday or other day on which commercial banks located in Dallas, Texas are authorized or required by law to close, the maturity thereof shall be extended to the next succeeding business day and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension.

4. Default.

(a) If a default should occur in the payment of any installment hereof, either principal or interest, promptly when the same shall be due and payable hereunder and shall continue without cure for thirty (30) days after such installment is so due and payable, or if there is any default under any instrument securing payment hereof, then Payee shall have the right and option, without notice or demand, to declare the unpaid balance of principal and accrued interest on this Note at once due and payable.

(b) If, after default, this Note is placed in the hands of an attorney for collection, or if collected through judicial proceedings or through a probate or bankruptcy court, the Maker shall pay, in addition to the sums referred to above, a reasonable sum as a collection or attorneys' fee and all other costs incurred by Payee in collection of the unpaid amounts due hereunder.

5. Exercise of Rights. No failure or delay on the part of the Payee in exercising any right, power or privilege hereunder and no course of dealing between the Maker and the Payee shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

6. Waiver. Except as may be otherwise provided herein, the makers, signers, sureties, guarantors, endorsers and any other party now or hereafter liable for the payment of this Note, in whole or in part, severally (i) waive demand, presentment for payment, notice of nonpayment, notice of dishonor, protest, notice of protest, notice of intent to demand or accelerate payment hereof, notice of acceleration and all other notices, filing of suit and diligence in collecting this Note or enforcing any of the security herefor, (ii) agree to any substitution, subordination, exchange or the release of any such security or the release of any party primarily or secondarily liable hereon, (iii) agree that

Payee shall not be required first to institute suit or exhaust its remedies hereon against the Maker or others liable or to become liable hereon or to enforce its rights against them or any security herefor, and (iv) consent to any extension or postponement of time of payment of this Note and to any other indulgence with respect hereto without notice thereof to any of them.

7. Agreement to Subordinate.

(a) The Maker agrees, and the holder of this Note by accepting this Note agrees, that the principal amount of the indebtedness evidenced by this Note is subordinated to the *prior payment* in full of that certain Full Replacement Secured Promissory Note of the Maker dated ____________, 1992 in the original principal amount of $750,000 payable to the order of Glenfed (the "Senior Indebtedness"), and the Maker agrees to make no payment of principal on this Note until the Senior Indebtedness is paid in full. These subordination provisions are made for the benefit of the holder of the Senior Indebtedness. These subordination provisions shall constitute a continuing offer to all persons who, in reliance upon such provisions, become holders of, or continue to hold, Senior Indebtedness, and such holders are made obligees hereunder and they or each of them may enforce such provisions.

(b) In the event that the Maker shall make any payment of principal to the holder of this Note on account of this Note in violation of this Section 7, then such payment shall be held by the holder of this Note in trust for and forthwith delivered to the holders of Senior Indebtedness for application to Senior Indebtedness to the extent necessary to pay all Senior Indebtedness in full in accordance with its terms.

(c) The Payee agrees that, so long as any of the Senior Indebtedness shall remain unpaid, the Payee shall not seek to enforce any of its rights against the Maker in connection with this Note, either at law or equity, including, but not limited to, the right to accelerate the payment of this Note.

8. Usury. It being the intention of the parties hereto to conform strictly to the applicable usury laws, all agreements between the Maker and Payee, whether now existing or hereafter arising and whether written or oral, are hereby expressly limited so that in no event, whether by reason of acceleration of the maturity hereof or otherwise, shall the amount paid or agreed to be paid to Payee for the use, forbearance, or detention of money hereunder or otherwise exceed the maximum amount permissible under applicable law. If fulfillment of any provision hereof or of any

agreement, or other document, evidencing or securing the indebtedness evidenced hereby, at the time performance of such provision shall be due shall involve transcending the limit of validity prescribed by law, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity; and if Payee shall ever receive anything of value deemed interest under applicable law which would exceed interest at the highest lawful rate, an amount equal to any excessive interest shall be applied to the reduction of the principal amount owing hereunder and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof, such excess shall be refunded to the Maker. All sums paid or agreed to be paid to Payee for the use, forbearance, or detention of the indebtedness of the Maker to Payee shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full term of such indebtedness so that the rate of interest on account of such indebtedness is uniform throughout the term thereof. The provisions of this paragraph shall control all agreements between the Maker and Payee.

9. CHOICE OF LAW. THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH TEXAS LAW WITHOUT GIVING EFFECT TO THE CHOICE OF LAW OR CONFLICT OF LAWS RULES THEREOF.

IN WITNESS WHEREOF, the Maker has duly executed this Note as of the date and year first above written.

BESTWAY RENTAL, INC.

By: R. Brooks Reed
Name: R. Brooks Reed
Title: President

AGREED TO AND ACCEPTED:

Jack E. Meyer
Jack E. Meyer

RECD S.E.C
MAR 1 6 1992
147

SENIOR SUBORDINATED PROMISSORY NOTE

$100,000 Mar 4, 1992

FOR VALUE RECEIVED, Bestway Rental, Inc., a Delaware corporation (the "Maker"), hereby promises to pay to the order of Jack E. Meyer ("Payee"), at such place as from time to time may be designated by the holder of this Note, the principal sum of ONE HUNDRED THOUSAND AND NO/100 DOLLARS ($100,000), together with interest on the principal balance from time to time remaining unpaid from the date hereof until default or maturity at a rate per annum equal to the lesser of (i) twelve percent (12%) per annum calculated on the basis of the actual number of calendar days elapsed but computed as if each year consisted of three hundred sixty (360) days and (ii) the maximum lawful rate of interest that may be charged under the applicable laws of the State of Texas (the "Agreement Rate").

1. Interest Payable. Interest hereunder from the date hereof shall be due and payable (i) monthly in arrears on the last day of each calendar month, commencing on March 31, 1992, and continuing on the last day of each month thereafter, until maturity, (ii) upon the payment or prepayment, in full or in part, of any principal hereunder, (iii) at the maturity of this Note (whether at the stated maturity, by acceleration or otherwise), at which time the entire unpaid principal balance hereof, together with all unpaid accrued interest thereon, shall be due and payable, and (iv) after maturity, on demand.

2. Principal Payable. Subject to Section 7 hereof, the unpaid principal balance of this Note and accrued, unpaid interest shall be due and payable in full on August 31, 1993 from the date hereof.

3. Terms.

(a) Each payment, including each prepayment, received by the Payee shall be applied first to late charges and collection expenses, if any, then to the payment of accrued but unpaid interest due hereunder, and then to the reduction of the unpaid principal balance hereof.

(b) The principal of this Note may be prepaid, in whole or in part, at any time or from time to time, at the option of the Maker without premium or penalty, together with interest accrued on the prepaid principal amount to the prepayment date.

(c) All past due principal and interest on this Note shall bear interest at the Agreement Rate from maturity until paid.

(d) If any payment on this Note becomes due and payable on a Saturday, Sunday or other day on which commercial banks located in Dallas, Texas are authorized or required by law to close, the maturity thereof shall be extended to the next succeeding business day and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension.

4. Default.

(a) If a default should occur in the payment of any installment hereof, either principal or interest, promptly when the same shall be due and payable hereunder and shall continue without cure for thirty (30) days after such installment is so due and payable, or if there is any default under any instrument securing payment hereof, then Payee shall have the right and option, without notice or demand, to declare the unpaid balance of principal and accrued interest on this Note at once due and payable.

(b) If, after default, this Note is placed in the hands of an attorney for collection, or if collected through judicial proceedings or through a probate or bankruptcy court, the Maker shall pay, in addition to the sums referred to above, a reasonable sum as a collection or attorneys' fee and all other costs incurred by Payee in collection of the unpaid amounts due hereunder.

5. Exercise of Rights. No failure or delay on the part of the Payee in exercising any right, power or privilege hereunder and no course of dealing between the Maker and the Payee shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

6. Waiver. Except as may be otherwise provided herein, the makers, signers, sureties, guarantors, endorsers and any other party now or hereafter liable for the payment of this Note, in whole or in part, severally (i) waive demand, presentment for payment, notice of nonpayment, notice of dishonor, protest, notice of protest, notice of intent to demand or accelerate payment hereof, notice of acceleration and all other notices, filing of suit and diligence in collecting this Note or enforcing any of the security herefor, (ii) agree to any substitution, subordination, exchange or the release of any such security or the release of any party primarily or secondarily liable hereon, (iii) agree that

Payee shall not be required first to institute suit or exhaust its remedies hereon against the Maker or others liable or to become liable hereon or to enforce its rights against them or any security herefor, and (iv) consent to any extension or postponement of time of payment of this Note and to any other indulgence with respect hereto without notice thereof to any of them.

7. Agreement to Subordinate.

(a) The Maker agrees, and the holder of this Note by accepting this Note agrees, that the principal amount of the indebtedness evidenced by this Note is subordinated to the prior payment in full of that certain Full Replacement Secured Promissory Note of the Maker dated ____________, 1992 in the original principal amount of $750,000 payable to the order of Glenfed (the "Senior Indebtedness"), and the Maker agrees to make no payment of principal on this Note until the Senior Indebtedness is paid in full. These subordination provisions are made for the benefit of the holder of the Senior Indebtedness. These subordination provisions shall constitute a continuing offer to all persons who, in reliance upon such provisions, become holders of, or continue to hold, Senior Indebtedness, and such holders are made obligees hereunder and they or each of them may enforce such provisions.

(b) In the event that the Maker shall make any payment of principal to the holder of this Note on account of this Note in violation of this Section 7, then such payment shall be held by the holder of this Note in trust for and forthwith delivered to the holders of Senior Indebtedness for application to Senior Indebtedness to the extent necessary to pay all Senior Indebtedness in full in accordance with its terms.

(c) The Payee agrees that, so long as any of the Senior Indebtedness shall remain unpaid, the Payee shall not seek to enforce any of its rights against the Maker in connection with this Note, either at law or equity, including, but not limited to, the right to accelerate the payment of this Note.

8. Usury. It being the intention of the parties hereto to conform strictly to the applicable usury laws, all agreements between the Maker and Payee, whether now existing or hereafter arising and whether written or oral, are hereby expressly limited so that in no event, whether by reason of acceleration of the maturity hereof or otherwise, shall the amount paid or agreed to be paid to Payee for the use, forbearance, or detention of money hereunder or otherwise exceed the maximum amount permissible under applicable law. If fulfillment of any provision hereof or of any

agreement, or other document, evidencing or securing the indebtedness evidenced hereby, at the time performance of such provision shall be due shall involve transcending the limit of validity prescribed by law, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity; and if Payee shall ever receive anything of value deemed interest under applicable law which would exceed interest at the highest lawful rate, an amount equal to any excessive interest shall be applied to the reduction of the principal amount owing hereunder and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof, such excess shall be refunded to the Maker. All sums paid or agreed to be paid to Payee for the use, forbearance, or detention of the indebtedness of the Maker to Payee shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full term of such indebtedness so that the rate of interest on account of such indebtedness is uniform throughout the term thereof. The provisions of this paragraph shall control all agreements between the Maker and Payee.

9. CHOICE OF LAW. THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH TEXAS LAW WITHOUT GIVING EFFECT TO THE CHOICE OF LAW OR CONFLICT OF LAWS RULES THEREOF.

IN WITNESS WHEREOF, the Maker has duly executed this Note as of the date and year first above written.

BESTWAY RENTAL, INC.

By: R Brooks Reed
Name: R Brooks Reed
Title: President

AGREED TO AND ACCEPTED:

SEARCH EXPLORATION, INC.

By:
Name: James A. O'Donnell
Title: Director

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SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter ended July 31, 1991 Commission File #2-56720

BOKUM RESOURCES CORPORATION

Delaware (State or other jurisdiction of Incorporation or organization)	85-0221553 I. R. S. Employer I. D. No.

Capital Stock outstanding

5/5/82.

Common $0.05 par value	1,641,540
8% junior preferred	1,025,761

P. O. Box 42-6277, Miami, Florida 33154
(Address of principal executive offices)

L-30

Registrants's telephone number 305-865-6222

N/A
Former Name

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 0r 15(d) of the Securities and Exchange Act of 1934 during the past twelve months and has been subject to filing requirements for the past 90 days. Yes_x_No___.

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BOKUM RESOURCES CORPORATION

Form 10-Q July 31, 1991

Statements attached:

A. Balance Sheets-unaudited

B. Consolidated Income Statements-unaudited

C. Statement of Sources and Uses of Funds-unaudited

Notes:

1. In the opinion of management, all adjustments necessary to a fair statement of the results of this interim period have been made.

2. All of the statements attached are unaudited.

3. The Company is in the development stage and has no income, other than interest from investments, and none is expected until mining begins and the product is sold.

4. No 8Ks have been filed.

SIGNATURES

Pursuant to the requirements of tthe Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BOKUM RESOURCES CORPORATION

Joe T. Briscoe
Assistant Treasurer

Dated 3/24/92

BOKUM RESOURCES CORPORATION
BALANCE SHEET
UNAUDITED

ASSETS

	July 31 1991
Current assets:	
Cash	$4,623
Account receivable	--
Prepaid expenes & other	6,830
Total current assets	11,453
Property and equipment, at cost, net of depreciation	86,454,787
	$86,466,240

LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)

Current liabilities	
Notes payable	$13,241,273
Accounts payable	1,316,109
Accrued expenses	9,811,619
Notes payable to shareholders	1,349,760
Total current assets	25,718,761
Long-term converted to short-term debt 10 1/2% secured notes payable	51,100,000
Purchase contract security deposits	20,000,000
	71,100,000
Shareholders' equity	
$11 senior preferred stock	--
8% junior preferred stock $1 value. Authorized 1,660,000 shares	1,024,535
Common stock $0.06 par value. Authorized 10,000,000 shares	82,138
Capital in excess of par value	461,979
Deficit accumulated prior to mining stage	-11,921,173
Total shareholders's deficit	-10,352,521
	$86,466,240

BOKUM RESOURCES CORPORATION
STATEMENT OF OPERATIONS
QUARTER ENDED JULY 31, 1991

	1991 Third Quarter	Year to date
Revenues	–	–
Cost and expenes:		
Interest	$183,678	492,297
General and administrative	34,870	110,263
Total costs and expenses	218,548	602,560
Net loss	($218,548)	-602,560
Loss per common stock	-0.10	-0.27
Common shares outstanding Conversion of $1 preferred stock to common stock at 1.8352 to 1.		
Total common stock assuming conversion to $1 preferred stock.		

BOKUM RESOURCES CORPORATION
SOURCES AND USES OF FUNDS
QUARTER ENDED JULY 31, 1991

	1991 Third Quarter	1991 Year to date
Funds used:		
Net loss	$218,548	602,560
Additions to property and equipment, net to depreciation	161,782	613,281
	$380,330	1,215,841
Funds provided:		
Decrease in working capital	($380,330)	-1,215,841
Changes in components of working capital:		
Increase (decrease) in current assets:		
Cash	($1,473)	-3,102
Prepaid expenses		–
	-1,473	-3,102
Increase (decrease) in current liabilities:		
Notes payable*	590,215	1,107,144
Accounts payable	–	–
Accrued expenese*	-211,358	105,594
	378,857	1,212,738
	($380,330)	-1,215,840

Change due to reclassification to conform with 10-K

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FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _______ to _______

Commission file number 0-17628

BELLBROOK BANCORP, INC.

Ohio Corporation 31-1226771

State Route 725 at Lakeman Drive, Bellbrook, Ohio 45305

Telephone Number (513) 848-6861

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. YES __X__ NO ___

Common stock, stated value $1.00 per share: 71,913 shares outstanding as of May 1, 1992

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BELLBROOK BANCORP, INC.

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BELLBROOK BANCORP, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED BALANCE SHEET

ASSETS	March 31 1992 (Unaudited)	December 31 1991 (Audited)
Cash and due from banks	1 372 293	1 774 142
Interest bearing deposits in banks	699 000	199 000
Federal funds sold	402 000	1 150 000
Investment securities, net of allowance for losses, estimated market value of $7,732,467 and $6,909,586 at March 31, 1992 and December 31, 1991, respectively	7 583 372	6 650 105
Loans, net of allowance for loan losses	9 199 965	8 921 001
Accrued interest receivable	203 285	177 303
Bank premises and equipment	295 456	302 903
Other assets	44 358	25 019
Total assets	19 799 729	19 199 473

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31 1992 (Unaudited)	December 31 1991 (Audited)
LIABILITIES		
Deposits	18 267 333	17 721 900
Accrued interest payable	61 066	61 089
Current and deferred taxes payable	45 954	31 387
Other liabilities	28 351	25 358
Total liabilities	18 402 704	17 839 734
STOCKHOLDERS' EQUITY		
Common stock, stated value $1, 400,000 shares authorized, 71,913 shares outstanding	71 913	71 913
Capital surplus	1 011 754	1 011 754
Retained earnings	313 358	276 072
Total stockholders' equity	1 397 025	1 359 739
Total liabilities and stockholders' equity	19 799 729	19 199 473

See notes to condensed consolidated financial statements.

BELLBROOK BANCORP, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENT OF INCOME
(Unaudited)

	Quarter Ended March 31	
	1992	1991
INTEREST INCOME		
Interest on loans	238 909	254 071
Investment securities	152 788	129 638
Total interest income	391 697	383 709
INTEREST EXPENSE		
Interest on deposits	182 645	196 937
Net interest income	209 052	184 772
PROVISION FOR LOAN LOSSES	-	4 500
Net interest income after provision for loan losses	209 052	180 272
OTHER INCOME		
Service fees and charges	63 877	49 324
OTHER EXPENSES		
Operating expenses	221 643	202 722
INCOME BEFORE TAXES	51 286	26 874
Provision for federal income taxes	14 000	5 000
NET INCOME	37 286	21 874
NET INCOME PER SHARE	$0.52	$0.30
EQUIVALENT COMMON SHARES OUTSTANDING	71 913	71 913

See notes to condensed consolidated financial statements.

BELLBROOK BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	Quarter Ended March 31	
	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	37 286	21 874
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	-	4 500
Depreciation and amortization	10 222	10 817
Increase in accrued interest receivable and other assets	(46 898)	(27 701)
Increase in accrued interest payable and other liabilities	17 537	7 954
Net cash provided by operating activities	18 147	17 444
CASH FLOWS FROM INVESTING ACTIVITIES		
Net increase in loans	(278 964)	(30 801)
Maturity of investment securities	435 000	500 000
Purchases of investment securities	(1 368 267)	(314 847)
Purchase of premises and equipment	(1 198)	(1 599)
Net cash used in investing activities	(1 213 429)	152 753
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposits	545 433	670 451
NET (DECREASE) INCREASE IN CASH AND EQUIVALENTS	(649 849)	840 648
Cash and cash equivalents, beginning	3 123 142	2 054 204
CASH AND CASH EQUIVALENTS, ENDING	2 473 293	2 894 852

RECONCILIATION OF NET INCOME TO CASH PROVIDED BY OPERATIONS

Cash paid (refunded) during the quarter for:		
Interest	182 668	206 483
Income taxes	(567)	(14 000)

The accompanying notes are an integral part of the financial statements.

BELLBROOK BANCORP, INC. AND SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 - CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated balance sheet as of March 31, 1992, the consolidated statement of income and the consolidated statement of cash flows for the quarters ended March 31, 1992 and March 31, 1991 have been prepared by the Corporation, without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position at March 31, 1992, and the results of operations and changes in cash flows for all periods presented, have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting have been omitted. It is suggested that these condensed consolidated financial statements be read in conjunction with the Corporation's audited financial statements and accompanying notes dated December 31, 1991. The results of operations for the period ended March 31, 1992 are not necessarily indicative of the operating results of the full year.

Presentation for the quarter ending March 31, 1992 classifies interest bearing deposits in other banks (certificates of deposit) with remaining maturities in excess of three months as investment securities in accordance with Financial Accounting Standard Number 95. In the first quarter of 1991, these securities were classified as cash and cash equivalents. Accordingly, financial information for the quarter ending March 31, 1991 has been restated to reduce reported cash and cash equivalents and increase investment securities by $99,000 at March 31, 1991.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Interest income has increased 2.0% from the comparable quarter in 1991. Interest expense has decreased 8.9% for the same comparable period. The increase in net interest margin is primarily the result of lower interest rates. The net interest margin is being addressed by market sensitive adjustments to costs of funds and continuing emphasis on quality loans and investments.

Operating expenses have increased by 9.3% compared to the first quarter of 1991. Much of the increase results from higher costs of FDIC insurance, employee salaries and benefits and general office supplies and expense. Management has taken measures to control the growth of expenses and increase fee income.

Liquidity and Capital Resources

The first quarter of 1992 shows a $649,849 decrease in cash and cash equivalents. Liquidity position remains strong with cash and cash equivalents and investment securities representing 50.8% of total assets at March 31, 1992. The Corporation's liquidity is considered adequate to meet all current and projected needs.

The primary capital ratio was 7.7% at March 31, 1992. The capital ratios, computed on the basis of FDIC risk-based capital guidelines are 9.3% for Tier 1 capital and 10.2% for total risk-based capital at March 31, 1992. These FDIC risk-based capital ratios are well above the 1992 minimum required levels of 4.0% and 8.0%, respectively. Management intends to maintain its capital ratio relative to its total asset size and composition (risk) and will monitor growth, dividend payout and profitability accordingly.

The bank is not aware of any current regulatory recommendations which, if implemented, would have a material effect on the bank's liquidity, capital or operations. Management believes the current balance in the allowance for loan losses is adequate in light of known collection problems and historic loss experience.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits - None

(b) Reports on Form 8-K - There were no reports on Form 8-K filed for the quarter ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunder duly authorized.

BELLBROOK BANCORP, INC.
(Registrant)

By John M. Gloyd
John M. Gloyd
President and Chief Executive Officer

Date: May 1, 1992

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

X Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 1992 or

_ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

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For the transition period from __________ to __________

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Commission file number 1-2413

Canadian National Railway Company
(Exact name of registrant as specified in its charter)

Canada
(State or other jurisdiction of incorporation or organization)

E.I. 980018609
(I.R.S. Employer Identification No.)

935 de La Gauchetiere Street West, Montreal, Quebec, Canada H3B 2M9
(Address of principal executive offices) (Postal Code)

Registrant's telephone number, including area code (514) 399-5430

None
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X   No ____

At April 30, 1992, the Company had outstanding 5,868,786 shares of no par value capital stock being the only class of common stock.

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Canadian National Railway System

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PART I FINANCIAL INFORMATION

Canadian National Railway System

Consolidated Balance Sheets

	March 31, 1992 (unaudited)		December 31, 1991	
	(in thousands of Canadian dollars)			
Assets				
Current				
Accounts receivable		$ 589,169		$ 479,745
Material and supplies		250,441		240,033
Other		297,709		252,815
		1,137,319		972,593
Investments		135,530		141,469
Properties		5,705,099		5,752,946
Other Assets and Deferred Charges		101,894		97,699
		$7,079,842		$6,964,707
Liabilities				
Current				
Bank indebtedness		$ 245,105		$ 29,165
Accounts payable and accrued charges		928,462		854,019
Current portion of long-term debt		293,574		281,967
Other		176,905		227,963
		1,644,046		1,393,114
Other Liabilities and Deferred Credits		412,031		408,512
Deferred Income Taxes		31,678		25,654
Long-Term Debt		1,484,598		1,601,697
Minority Interest in Subsidiary Companies		4,345		4,345
Shareholder's Equity				
Capital stock	$2,278,867		$2,278,867	
Retained earnings	1,224,277	3,503,144	1,252,518	3,531,385
		$7,079,842		$6,964,707

See accompanying notes to consolidated financial statements.

Canadian National Railway System

Consolidated Statements of Operations
(Unaudited)

	Three Months Ended March 31	
	1992	1991
	(in thousands of Canadian dollars)	
CN North America		
CN Rail		
Revenues	$ 867,476	$ 822,180
Expenses	863,204	924,309
Income (loss)	4,272	(102,129)
Grand Trunk Corporation		
Revenues	101,644	97,031
Expenses	106,211	106,531
Loss	(4,567)	(9,500)
Total CN North America	(295)	(111,629)
Enterprises group:		
CN Real Estate		
Revenues	18,736	24,405
Expenses	12,361	11,589
Other income	1,007	2,485
Income	7,382	15,301
Other		
Income (loss)	8,653	(603)
Total Enterprises group	16,035	14,698
Income (loss) from continuing operations before income taxes	15,740	(96,931)
Income taxes	9,294	(28,807)
Net income (loss) from continuing operations	6,446	(68,124)
Discontinued operation		
CN Exploration results of operations net of applicable income taxes of $162 (1991 - $285)	313	857
Net income (loss)	$ 6,759	$ (67,267)
Net loss determined according to accounting principles generally accepted in the United States	$ (2,387)	$ (66,218)
Gross revenue	$1,016,948	$ 965,570
Total interest on long-term debt	$ 50,354	$ 49,761
Interest income	$ 655	$ 86

See accompanying notes to consolidated financial statements.

Major Expense Classifications

Major expense classifications for the transportation segment, which accounts for approximately 97% of the Company's expenses, are as follows:

	Three Months Ended March 31	
	1992	1991
	(in thousands of Canadian dollars)	
Road maintenance	$ 90,728	$ 105,734
Road depreciation	41,417	40,605
Equipment maintenance	134,769	139,527
Equipment depreciation	26,261	25,317
Transportation	321,728	321,608
Sales and general	196,628	239,404
Miscellaneous operations	2,462	2,525
Taxes	41,784	38,010
Equipment and joint facility rents	63,448	63,863
Interest	50,190	54,247
	$ 969,415	$1,030,840

See accompanying notes to consolidated financial statements.

Canadian National Railway System

Consolidated Statements of Changes in Financial Position
(Unaudited)

	Three Months Ended March 31	
	1992	1991
	(in thousands of Canadian dollars)	
Operating activities:		
Net income (loss) from continuing operations	$ 6,446	$ (68,124)
Non-cash items in income:		
Depreciation and amortization	69,002	67,029
Income of equity investees less dividends	(2,112)	(2,853)
Deferred income taxes (recovery)	5,862	(34,108)
Gain on disposal of unconsolidated affiliate	(8,271)	-
Changes in current assets and liabilities:		
Accounts receivable	(109,424)	(100,064)
Material and supplies	(10,408)	(13,999)
Other current assets	(44,894)	9,751
Accounts payable and accrued charges	74,443	66,178
Other current liabilities	(8,361)	(17,508)
Other	13,865	(15,445)
Cash from continuing operations	(13,852)	(109,143)
Cash from discontinued operations	3,080	3,704
	(10,772)	(105,439)
Investing activities:		
Additions to properties	(26,345)	(37,071)
Net proceeds from disposal of properties	2,858	11,888
Investments in unconsolidated affiliates	-	(1)
Advances from unconsolidated affiliates	2,626	1,123
Proceeds from sale of unconsolidated affiliate	10,521	-
Repayment of advances by unconsolidated affiliates	3,044	3,036
	(7,296)	(21,025)
Dividends paid to shareholder	(77,697)	-
Cash (used) before financing activities	(95,765)	(126,464)
Financing activities:		
Issuance of long-term debt	-	3,463
Reduction of long-term debt	(120,175)	(46,954)
	(120,175)	(43,491)
Net decrease in cash	(215,940)	(169,955)
Cash (bank indebtedness), beginning of year	(29,165)	(114,050)
Net cash (bank indebtedness), end of year	$(245,105)	$(284,005)

See accompanying notes to consolidated financial statements.

Canadian National Railway System

Notes to Consolidated Financial Statements
(All information for periods ended March 31 is unaudited)

1. The accompanying unaudited consolidated financial statements of Canadian National Railway System are stated in Canadian dollars and are based on Canadian accounting principles which differ in certain respects from those generally accepted in the United States. The effect on the net income had United States generally accepted accounting principles been followed is set out in the Consolidated Statements of Operations, and is attributable to the adjustments shown below resulting from translation of accounts carried in foreign currencies in accordance with Statement of Financial Accounting Standards No. 52 (SFAS 52) and the capitalization of leases satisfying the criteria of capital leases in accordance with SFAS 13. The principal difference between SFAS 52 and Canadian accounting principles is that SFAS 52 requires immediate absorption in income of unrealized exchange gains and losses on long-term monetary items whereas Canadian accounting principles require that these unrealized gains and losses be deferred and amortized unless effectively hedged.

	Three Months Ended March 31	
	1992	1991
	(in thousands of Canadian dollars)	
Net income (loss) as reported	$ 6,759	$ (67,267)
Adjustments in respect of:		
Foreign exchange	(9,448)	774
Capitalization of leases	302	275
Net loss as restated in accordance with accounting principles generally accepted in the United States	$(2,387)	$ (66,218)

On March 31, 1992 the value of the Canadian dollar against the U.S. dollar as reported by the Bank of Canada was U.S. $0.8409 (March 31, 1991 - U.S. $0.8638).

2. Pursuant to direction by the Government of Canada contained in an Order in Council issued March 27, 1992 the Company paid a dividend of $35 million to its shareholder on March 31, 1992 as an advance partial payment in respect of the proceeds to be received from the anticipated sale of CN Exploration.

3. In the opinion of the Registrant, these financial statements contain all adjustments (consisting only of normal recurring accruals) necessary to present fairly the financial position as of March 31, 1992, the results of operations for the three-month periods ended March 31, 1992 and March 31, 1991, and changes in financial position for each of the three-month periods then ended.

4. The results of operations for the three-month period ended March 31, 1992 are not necessarily indicative of the results to be expected for the full year.

5. Certain of the 1991 comparative figures have been reclassified in order to be consistent with the 1992 presentation.

6. Supplementary Balance Sheet Information

	Mar. 31 1992	Dec. 31 1991
	(in thousands of Canadian dollars)	
Accounts receivable		
Trade	$465,402	$466,334
Government of Canada	149,932	40,471
Other	10,960	10,208
Sub-total	626,294	517,013
Less provision for doubtful accounts	(37,125)	(37,268)
Total as reported	$589,169	$479,745
Other current assets		
Accrued receivables:		
- from railroads for revenue settlements	$ 94,362	$ 95,340
- other	173,030	134,312
Other current assets	30,317	23,163
Total as reported	$297,709	$252,815
Accounts payable and accrued charges		
Trade	$289,803	$329,900
Payroll and other related items	220.384	192,967
Interest on long-term debt	74,694	76,689
Other	343,581	254,463
Total as reported	$928,462	$854,019
Other current liabilities		
Accrued liabilities to other railroads for revenue settlements	$ 91,724	$ 98,564
Dividend	-	42,697
Other	85,181	86,702
Total as reported	$176,905	$227,963
Other liabilities and deferred credits		
Personal injury reserve	$ 88,345	$ 87,420
Other	323,686	321,092
Total as reported	$412,031	$408,512

7. Supplementary Information - Statements of Operations

	Three Months Ended March 31	
	1992	1991
	(in thousands of Canadian dollars)	
CN Rail		
Revenues	$867,476	$ 822,180
Expenses	815,907	877,190
Operating income (loss)	51,569	(55,010)
Other income	2,144	6,733
Interest	49,441	53,852
Income (loss)	4,272	(102,129)
Grand Trunk Corporation		
Revenues	101,644	97,031
Expenses	106,158	107,538
Operating loss	(4,514)	(10,507)
Other income	696	1,402
Interest	749	395
Loss	(4,567)	(9,500)
CN Real Estate		
Revenues	18,736	24,405
Expenses	13,175	12,202
Operating income	5,561	12,203
Other income (expense)		
Joint ventures	1,007	2,485
Miscellaneous	1,046	(161)
Interest	232	(774)
Income	7,382	15,301
Other		
Revenues	21,422	13,023
Expenses	22,099	14,003
Operating loss	(677)	(980)
Other income	9,330	377
Income (loss)	8,653	(603)
Income (loss) from continuing operations before income taxes	$ 15,740	$ (96,931)

"Expenses", "Other income" and "Interest" are grouped in the "Expenses" caption on the Statements of Operations except for "Other income" from joint ventures in CN Real Estate which is shown separately.

Canadian National Railway System

Review by Independent Chartered Accountants

The March 31, 1992 financial statements included in this filing on Form 10-Q have been reviewed by Deloitte & Touche and Raymond, Chabot, Martin, Paré, independent chartered accountants, in accordance with established professional standards and procedures for such a review.

The report of Deloitte & Touche and Raymond, Chabot, Martin, Paré commenting upon their review is included.

Deloitte &
Touche

RAYMOND, CHABOT,
MARTIN, PARE

To the Board of Directors
Canadian National Railway Company

We have made a review, in accordance with standards established by the American Institute of Certified Public Accountants, of the consolidated financial statements appearing on pages 3 to 10 of the accompanying Form 10-Q of the Canadian National Railway Company consisting of Consolidated Balance Sheets as at March 31, 1992 and December 31, 1991 and Consolidated Statements of Operations and Changes in Financial Position for the three-month periods ended March 31, 1992 and 1991.

A review of interim financial information consists principally of obtaining an understanding of the system for the preparation of interim financial information, applying analytical procedures to financial data, and making enquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an examination in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements for them to be in conformity with generally accepted accounting principles.

Deloitte & Touche

Chartered Accountants

Montreal, Quebec
May 13, 1992

Chartered Accountants

Montreal, Quebec
May 13, 1992

Canadian National Railway System

Management's Discussion and Analysis of Financial Condition and Results of Operations

Liquidity and Capital Resources

The Company had bank loans and other short-term indebtedness of $245.1 million at the end of March 1992, an increase of $215.9 million in the first three months of the year. Factors contributing to the increase for the period were long-term debt reductions of $120.2 million, dividends paid to the shareholder of $77.7 million, net additions to properties of $23.5 million and the usual first-quarter buildup of amounts receivable from the Government of Canada. Of the $77.7 million in dividends, $42.7 represented previously accrued dividends based on earnings in the years 1989 and 1990. The remaining $35 million was in respect of anticipated proceeds from the disposal of CN Exploration (see Note 2 of Notes to Consolidated Financial Statements).

The Company has arrangements with a number of Canadian and U.S. banks which provide lines of credit in excess of the Company's anticipated short-term borrowing requirements.

The Company has announced its intention to issue and sell $150 million 9 5/8% Notes due 1999 in the Eurocanadian market. The new issue will be listed on the Luxembourg Stock Exchange. These new Notes will be dated and issued May 14, 1992.

Planned capital expenditures for 1992 are approximately $420 million, including $25 million for the St. Clair River Tunnel Project.

At March 31, 1992, the Company had commitments to purchase railway ties at an aggregate cost of $10.0 million, rail at a cost of $5.6 million and rolling stock at a cost of $82.8 million.

Results of Operations

The System had net income of $6.8 million for the quarter ended March 31, 1992, compared with a loss of $67.3 million in the first quarter of 1991. Most of the improvement occurred in CN North America (the name under which the Company's Canadian and U.S. rail operations are conducted) because of increased traffic volumes and revenues in 1992 and the costs associated with employee reductions in the first quarter of 1991. The first quarter results also improved for the Enterprises group.

CN Rail had income of $4.3 million in the 1992 first quarter, an increase of $106.4 million over the $102.1 million loss for the corresponding period of 1991.

CN Rail revenues for the three months ended March 31, 1992 totalled $867.5 million, an increase of $45.3 million from the first three months of 1991. Freight revenues increased by $47.3 million due to higher traffic volumes. Revenues was higher for nearly all commodity groups, with the greatest increases occurring in grain, lumber and wood products, and petroleum and chemicals. The increase in freight revenues was partly offset by reductions in revenues from U.S. exchange, commuter operations and other services.

CN Rail expenses for the quarter decreased by $61.1 million from 1991 despite the higher cost of operations associated with traffic volume increases. This was mainly due to high employee separation costs incurred in the first three months of 1991.

Grand Trunk Corporation had a loss of $4.6 million in the first quarter of 1992 compared with a loss of $9.5 million in the first quarter of 1991. Revenues increased by $4.6 million over 1991 mainly because of higher carload traffic volumes and revenues in most commodity groups, offset in part by reduced intermodal revenues caused by lower rates. Expenses were held below the 1991 level despite higher traffic volumes.

CN Real Estate's income through March 31 was $7.4 million, a decrease of $7.9 million from the first quarter of 1991. Lower income from land sales and joint ventures together with increased interest expense account for most of the decrease.

Other Enterprises had income of $8.7 million in the first quarter of 1992 compared with a loss of $0.6 million in the first quarter of 1991. The improvement was almost entirely due to a gain on the disposal of its investment in Telesat Canada.

Income from Discontinued operation (CN Exploration) in the first quarter of 1992 totalled $0.3 million, down $0.5 million from the comparable period in 1991. Lower oil prices were mainly responsible for the decline.

See Note 1 of Notes to Consolidated Financial Statements for a discussion of the differences in results determined according to accounting principles generally accepted in the United States compared with those based on Canadian accounting principles.

PART II OTHER INFORMATION

Item 6 - Exhibits and Reports on Form 8-K

(b) Reports on Form 8-K

The Company did not file any report on Form 8-K during the first quarter of 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Canadian National Railway Company
(Registrant)

Date: May 13, 1992

Y.H. Masse
Senior Vice-President and
Chief Financial Officer

Date: May 13, 1992

R.D. McGrath
Vice-President, Information Systems
and Accounting
(Principal Accounting Officer)

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FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Quarterly Report Under Section 13 or 15(d) of
the Securities Exchange Act of 1934

PROCESSED
17-12-X
MAR 20 [illegible]

For Quarter Ended:
January 31, 1992

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Q-Data Corp. - St. Petersburg, FL

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CUYAHOGA LANDMARK, INC.
(Exact name of registrant as specified in its Charter)

Ohio (State of Incorporation)	34-1012694 (I.R.S. Employer Identification No.)

12782 Prospect Road
Strongsville, Ohio 44136
(Address of principal executive offices)

(216) 238-3900
(Telephone Number)

BEST COPY AVAILABLE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES _X_ NO ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of January 31, 1992 - 1,932 Common Shares, without par value.

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PART 1. FINANCIAL INFORMATION

ITEM 1. Financial Statements

CUYAHOGA LANDMARK, INC.
BALANCE SHEETS

ASSETS

	January 31, 1992 (unaudited)	October 31, 1991
Current Assets		
Cash and cash equivalents	$ 16,992	$ 34,161
Accounts receivable, net allowance for doubtful accounts of $69,161 in 1992 and $57,889 in 1991	742,275	861,474
Miscellaneous receivables	32,360	60,962
Federal income tax refund receivable	108,324	108,324
Inventories	348,919	436,741
Prepaid expenses	15,303	26,186
Deferred income taxes	33,000	33,000
TOTAL CURRENT ASSETS	1,297,173	1,560,848
Property, plant and equipment	3,847,854	3,789,208
Less accumulated depreciation	(2,249,736)	(2,258,644)
NET PROPERTY, PLANT AND EQUIPMENT	1,598,118	1,530,564
Other Assets		
Prepaid expenses and investments	10,799	11,026
Deferred income taxes	179,000	179,000
TOTAL OTHER ASSETS	189,799	190,026
TOTAL ASSETS	$3,085,090	$3,281,438

See accompanying notes to financial statements.

LIABILITIES

	January 31, 1992 (unaudited)	October 31, 1991
Current Liabilities		
Accrued wages	$ 34,480	$ 86,185
Accounts payable	399,824	616,150
Customer credit balances	23,011	55,065
Bank overdraft	0	46,450
Capital lease obligation	19,882	0
Accrued taxes	78,372	65,429
Estimated liability related to environmental clean up	100,000	100,000
Capital stock and certificates of ownership called for redemption	37,888	37,888
Other liabilities	12,020	20,388
TOTAL CURRENT LIABILITIES	705,477	1,027,555
Long-Term Liabilities		
Estimated liability related to environmental clean-up	523,556	523,556
Capital lease obligation	63,979	0
TOTAL LONG-TERM LIABILITIES	587,535	523,556
TOTAL LIABILITIES	1,293,012	1,551,111
Shareholders' Equity		
Capital stock (11,000 shares authorized; 1,932 shares issued and outstanding)	19,320	19,320
Certificates of ownership	119,791	119,791
Retained earnings	1,652,967	1,591,216
TOTAL SHAREHOLDERS' EQUITY	1,792,078	1,730,327
TOTAL LIABILITIES AND EQUITY	$3,085,090	$3,281,438

See accompanying notes to financial statements.

CUYAHOGA LANDMARK, INC.
STATEMENT OF OPERATIONS

For the three months ended January 31, 1992 and 1991
(unaudited)

	3 Months Ended	
	January 31 1992	January 31 1991
Revenue	$2,912,547	$3,297,950
Cost of goods sold (excluding depreciation expense of $35,383 and $42,498 for the 3 months ended January 31, 1992 and 1991, respectively)	2,392,463	2,778,489
Gross margin	520,084	519,461
Other revenue	79,241	81,597
Operating expense	375,957	421,203
Selling, general and administrative expense	141,251	152,726
Interest expense	1,365	1,099
Income before income taxes	80,752	26,030
Income tax expense	19,000	0
Net income	$ 61,752	$ 26,030
Net income per common and common equivalent share	$31.96	$13.47
Weighted average common and common equivalent shares outstanding	1,932	1,932
Dividends per share	$0	$0

See accompanying notes to financial statements.

CUYAHOGA LANDMARK, INC.
STATEMENTS OF CASH FLOWS

For the Three Months Ended January 31, 1992 and 1991
(unaudited)

	January 31, 1991	January 31, 1990
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income	$ 61,752	$ 26,030
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	35,383	42,498
Gain on sale of property and equipment	(698)	(701)
Changes in assets and liabilities:		
Accounts receivable	119,199	188,270
Inventories	87,822	35,086
Prepaid expenses	11,110	(9,359)
Accounts payable	(216,326)	16,231
Accrued taxes	12,943	(181,213)
Other liabilities	(92,127)	(49,562)
Other current assets	28,602	681
Net cash provided by operating activities	47,660	67,961
CASH FLOW FROM INVESTING ACTIVITIES:		
Proceeds from sale of property and equipment	1,305	701
Expenditures for property and equipment	(16,862)	(21,575)
Net cash used by investing activities	(15,557)	(20,874)
CASH FLOW FROM FINANCING ACTIVITIES:		
Redemption of certificates of ownership	0	(61)
Payments on notes payable	0	(4,600)
Payments on capital lease obligation	(2,822)	0
Net change in bank overdraft	(46,450)	(44,423)
Net cash used by financing activities	(49,272)	(49,084)
Net decrease in cash and cash equivalents	(17,169)	(1,997)
Cash and cash equivalents at beginning of period	34,161	3,607
Cash and cash equivalents at end of period	$ 16,992	$ 1,610

See accompanying notes to financial statements.

CUYAHOGA LANDMARK, INC.

NOTES TO FINANCIAL STATEMENTS

January 31, 1992

The accompanying financial statements are unaudited. However, in the opinion of management, they contain all adjustments (all of which are normal and recurring in nature) necessary to present fairly the financial position and the results of operations. The notes to the financial statements contained in the 1991 Annual Report should be read in conjunction with these financial statements. There have been no changes in the Company's significant accounting policies.

1. Inventories and Receivables.

The decrease in receivables is the result of aggressive collection procedures and tighter credit constraints. The inventory reduction is due to lower fuel inventories.

2. Statement of Cash Flows.

There were no payments made for income taxes during the three months ended January 31, 1992. In connection with a lease agreement $1,365 was paid for interest.

With respect to non-cash transaction disclosures, the Company incurred a capital lease obligation of $86,683 for computer hardware and software.

3. Earnings Per Share.

The weighted average number of common shares entering into the calculation of earnings per share data is as follows:

	Three Months Ended	
	January 31, 1992	January 31, 1991
Common and common equivalent shares:		
Weighted average common shares	1,932	1,932
Shares issuable under stock options	0	0

4. Capital Lease.

The Company entered into a capital lease during the period ended January 31, 1992 for the purchase of computer hardware and software. The lease requires monthly payments of $1,979 (including interest) for a period of four years. In connection with this lease, office equipment of $86,683 has been recorded.

5. Income Taxes.

Provision for federal income taxes is determined by applying statutory rates to income before taxes. Taxable income did not differ significantly from income for financial reporting purposes for the three months ended January 31, 1992. A provision for federal income taxes was not recorded for the three months ended January 31, 1991 because the Company did not expect to have taxable income for the year ended October 31, 1991.

6. Environmental Contamination.

There have been no significant changes in the estimated magnitude of the environmental contamination disclosed in the notes to the audited financial statements dated October 31, 1991.

7. Contingency.

The Company's Board of Directors has voted to recommend to the shareholders a preliminary acquisition agreement that involves one of the officers of the Company.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations Three Months Ended January 31, 1991 and 1992

General

The business of the Company is comprised of petroleum operations, retail sales, heating and cooling operations and rental properties. Management's Discussion and Analysis of Results of Operations provided below is a general discussion of the results of the Company's operations in total. Subsequent to this discussion each operating unit is discussed in more detail.

Sales and Cost of Goods Sold. The Company's sales for the first quarter ended January 31, 1992, were $2,912,547, a decrease of $385,403 or 11.7 percent from the 1990 first qurater sales. This decrease was primarily attributable to a decrease in petroleum sales.

In the first quarter of fiscal 1992, cost of goods sold were $2,392,463, a decrease of $386,026 from the $2,778,489 in the same period of 1991. As a result of a comparable decrease in sales and cost of goods sold, the Company's gross profit was essentially unchanged at $520,084 in the first quarter of fiscal 1992. While gross profit remained unchanged in total, a small improvement in petroleum operations was more than offset by a decrease in gross profit in the retail operations.

The Company's gross profit as a percent of sales increased from 15.8 percent in the first quarter of fiscal 1991 to 17.9 percent in the current quarter. This increase was primarily the result of higher margins earned in the Company's petroleum department. The improvement in margins was a result of Management's ability to hold and support sales prices during a period of declining product prices.

Other Revenue. Included under "Other Revenue" is labor income from the Heating and Cooling Department, rental income from the Company's Mark Park Department, customer finance charges and miscellaneous income. Other revenue in the first quarter of fiscal 1992 was $79,241, as compared to $81,597 in the same period of fiscal 1991.

The decrease in other revenue in the first quarter of fiscal 1992 was primarily attributable to a decrease in labor income of $5,308 generated by the Company's underground storage tank service due to fewer tank removal jobs being completed. The Company has recently experienced an increase in competition in its underground storage tank service from building contractors because of the economic slow down. Contractors, many with their own construction equipment, are now submitting bids for the removal of underground storage tanks. As a result, the Company is earning less gross profit on successful bids than from those awarded and completed in fiscal 1991.

Operating Expenses. Operating expenses in the first quarter of fiscal 1992 decreased by 8.9 percent to $375,957 from $412,577 the previous fiscal year. This decrease of $36,620 was partially attributable to decreases in: truck operating expenses of $14,387, primarily as a result of fewer significant repairs of petroleum delivery vehicles; miscellaneous expenses of $7,638 as the first quarter of fiscal 1991 contained an employee hiring fee and the expense of settling an employee lawsuit; depreciation expense of $6,384 as certain equipment of the Company was fully depreciated; repairs to several of the Company's properties of $5,386. The decrease in operating expenses was partially offset by an increase in labor expense of $4,581, due to increases in group medical insurance and employee pay raises.

Selling, General and Administrative Expenses. Selling, General and Administrative expenses were $141,251 in the first quarter of fiscal 1992, a decrease of $20,100 from $161,351 in the same period the previous fiscal year. Advertising expense decreased by $12,383 from the $25,867 expensed in the first quarter of fiscal 1991, as the Company attempts to improve its return on advertising dollars spent. Fees for legal, financial and accounting services decreased by $10,578 as a result of a reduction of activities. These services were provided on behalf of the Company and its Board of Directors in responding to comments from the Securities and Exchange Commission on a proxy statement regarding a proposed merger.

Interest expense increased to $1,365 in the first quarter of fiscal 1992 from $1,099 in the same period of fiscal 1991. The increase in interest expense is a result of the lease of a new computer system, acquired during the first quarter of fiscal 1992.

The combination of the decrease in operating and Selling, General and Admininistrative expenses caused the Company's income before income taxes to increase by $54,721, to $80,752 in the first quarter of fiscal 1992 from $26,031 for the same period of fiscal 1991. After a provision for income taxes of $19,000 in the first quarter of fiscal 1992 the Company recorded net income of $61,752. This was an improvement from the net income of $26,031 recorded in the first quarter of fiscal 1991 when there was no provision for income taxes.

Operating Departments. The description below is based upon the internal financial reporting of the Company for its individual operating departments, whereas the Segment Reporting footnote to the financial statments of the Company is based on the independent auditor's strict interpretation of the product categories. In the opinion of Management, the following discussion is not materially different from the footnote to the financial statements captioned "Segment Reporting".

Petroleum Operations

Sales and Cost of Goods Sold. Sales in petroleum operations decreased by $366,028, from $2,982,894 in the first quarter of fiscal 1991, to $2,616,866 in the same period of fiscal 1992. The Company sold 2,743,100 gallons of petroleum products in the first quarter of fiscal 1992, an increase of 369,000 gallons from the 2,374,100 gallons sold in the same period the previous year. A decrease in petroleum gallons sold as a result of the mild winter in Northeast Ohio and reduced sales to contractors because of the recession, was more than offset by an increase in gallons sold under the municipal contract in Summit County, Ohio.

Strongsville Petroleum (Wholesale). Strongsville Petroleum sales were $1,219,256 in the first quarter of fiscal 1992, a decrease of $482,143 from the sales of $1,701,399 recorded in the first quarter of fiscal 1990. The decrease in Strongsville Petroleum sales was primarily the result of an industry-wide decrease in the price per gallon of petroleum products and to a lesser extent reduced sales to contractors because of the recession.

Strongsville Express Mart (Retail). Sales of petroleum products on a retail basis at the Strongsville Express Mart store were $230,650 in the first quarter of fiscal 1992, down from $246,011 the same period the previous year. This decrease can be attributed primarily an industry-wide decrease in the price per gallon of petroleum products.

Barberton Petroleum (Wholesale). Petroleum sales on a wholesale basis at the Barberton Petroleum operation increased by $37,140, from $990,116 in the first quarter of fiscal 1991 to $1,027,256 in the same period of fiscal 1992. This increase in sales is attributable to a total increase of 419,800 gallons sold from the Barberton operation (both wholesale and retail). The additional gallons sold were primarily attributable to the municipal contract in Summit County, Ohio. The increase in gallons sold was partially offset by an industry-wide decrease in the price per gallon of petroleum products. In addition, a small reduction in sales was attributable to the change in allocation of retail petroleum sales to Barberton Express Mart (discussed below).

Barberton Petroleum Express Mart (Retail). During the first quarter of fiscal 1992 the Company converted the Barberton retail store from a retail store to an Express Mart type operation as was done previously at its Strongsville location. Late in fiscal 1991, Mangement had seperated retail petroleum sales from Barberton Petroleum and allocated those sales to the retail operation. Sales of petroleum products on a retail basis at the Barberton Express Mart store were $139,018 in the first quarter of fiscal 1992, up from $45,368 the same period the previous year. This increase can be attributed primarily to a change in accounting allocation of retail petroleum sales from Barberton Petroleum to Barberton Express Mart.

The cost of goods sold for all of the petroleum operations decreased by $378,607, from $2,584,171 in the first quarter of fiscal 1991 to $2,205,564 in the same period of fiscal 1992. As a result of the larger decrease in cost of goods sold than sales, the gross profit increased by $12,579 to $411,302 in the first quarter of fiscal 1992.

The total gross profit from petroleum operations as a percent of sales increased from 13.4 percent in the first quarter of fiscal 1991 to 15.7 percent in the same period of fiscal 1992. This increase was primarily the result of Management's ability to capitalize on falling prices to improve margings despite the lower margins earned on the Summit County, Ohio municipal contract. During a period of falling petroleum prices, Managmement was able to hold and support higher sales prices and at the same time purchase inventory at gradually decreasing prices, thereby improving margins.

The municipal contract in Summit County, Ohio is awarded on a competitive bid basis to the distributor which offers to sell and deliver petroleum products with the lowest bid price for one year. This bid price is based upon the sales price per gallon, which is calculated by adding a margin (cents per gallon) to the average price of petroleum published on a weekly basis by The Oil Price Information Service.

Since this is a high volume contract, the Company presented an aggressive bid and was awarded the contract. However, since the contract was competitively bid, the margin that the Company receives (approximately 6 percent on gasoline products and 11 percent on diesel and heating oil products) is less than the normal margin (approximately 12 percent on gasoline products and 23 percent on diesel and heating oil products) it would receive on sales of petroleum products in the ordinary course of business.

The Company was awarded the Summit County contract for one year, from July 1, 1991 to June 30, 1992. Management expects to bid on this contract when it comes up for renewal later in fiscal 1992. Management believes that this contract can account for as much as 1 to 1.5 million gallons, or approximately 11 to 17 percent of the gallons of petroleum sold by the Company. Accordingly, the loss of the contract could have a negative impact on the operating results of the Company. In the event that the Summit County contract were not awarded to the Company, Management would attempt to replace this lost business with petroleum sales to non-governmental users in the market place at potentially higher margins.

Petroleum Operations Expenses. Operating expenses were $240,917 in the first quarter of fiscal 1992, a decrease of $38,562 from the $279,479 in the same period of fiscal 1991. The changes in these expenses were attributable to: increased labor expense at the Barberton Petroleum operation necessary to service the Summit County municipal contract, which was partially offset by a decrease in Strongsville Petroleum labor expense because of decreased volume; decrease in depreciation expense; and a decrease in truck operating expenses attributable to fewer significant repairs of petroleum delivery vehicles; and, a decrease in other expenses. As a result of the changes described above, operating income increased from $120,240 in the first quarter of fiscal 1991 to $172,650 in the same period of fiscal 1992.

Selling, General and Administrative expenses allocated to the petroleum operation in the first quarter of fiscal 1992 were $82,893, a decrease from the $100,029 allocated in the same period of fiscal 1991. The decrease is attributable to a change in the allocation of indirect expenses based on the direct expenses of a department from a discretionary allocation previously utilized. After allocation of Selling, General and Administrative expenses, the Petroleum Operations recorded income before taxes of $87,757 for fiscal the first quarter of fiscal 1992, as compared to income before income taxes of $20,210 in the same period of fiscal 1991.

Retail Sales

Sales and Cost of Goods Sold. The Company's retail sales, which include a variety of lawn and garden items for landscapers and residential users, are referred to as "Feed, fertilizer and farm products" in the Segment Reporting footnote in the financial statements.

The Company's Retail Sales include only those sales generated by the Strongsville Retail Store and the Westlake Retail Store. Strongsville Express Mart and Barberton Express Mart (which was converted in the first quarter of 1992) are now accounted for under the Petroleum Operations. The discussion below as it relates to fiscal 1991 has been adjusted to fiscal 1991 for comparability. The Company's sales through its Retail stores in the first quarter of fiscal 1992 were $266,199 a decrease of $23,771 from $289,970 in the same period of fiscal 1991. The decrease in retail sales occurred as a result of unseasonal weather experienced in Northeast Ohio in the first quarter of fiscal 1992. The mild winter negatively affected sales of bird seed and rock salt.

In fiscal 1991, cost of goods sold from retail operations decreased by $10,365, from $174,888 in the first quarter of fiscal 1991 to $164,523 in the same period of fiscal 1992. As a result of smaller decrease in cost of goods sold than sales, the gross profit decreased by $39,807 to $101,676 in the first quarter of fiscal 1992 from $115,082 the same period a year ago. The gross profit from retail operations as a percent of sales, decreased from 39.6 percent in the first quarter of fiscal 1991 to 38.2 percent in the first period of fiscal 1992. This decrease in gross margin was primarily the result of price reductions in slow moving inventory.

Retail Sales Expenses. Operating expenses were $78,579 in the first quarter of fiscal 1992, an increase of $9,072 from operating expenses of $69,507 in the same period of fiscal 1991. Increases in labor expense, due to employee pay raises and increases in other expenses, were partially offset by decreases in depreciation expense. As a result of the changes described above, operating income decreased from $42,613 in the first quarter of fiscal 1991 to $21,662 in the same period of fiscal 1992.

Selling, General and Administrative expenses allocated to Retail Sales were $28,971 in the first quarte of fiscal 1992 a decrease from the $33,131 allocated in fiscal 1990. The decline is attributable to the decrease in expenses associated with advertising and the proposed merger agreement discussed above. After allocation of Selling, General and Administrative expenses, the Retail Stores recorded a loss before income taxes of $7,309 for the first quarter of fiscal 1992, as compared to income before income taxes of $9,482 in the same period in fiscal 1991.

Heating and Cooling Department

Sales and Cost of Goods Sold. The Heating and Cooling Department sells and repairs furnace and air conditioning equipment; sells underground storage tanks; and provides testing, removal and disposal, and installation of underground storage tanks. Sales of equipment and supplies from the Heating and Cooling Department were $29,483 in the first quarter of fiscal 1992, an increase from the $25,086 recorded in the same period of fiscal 1991. This decrease is the result of fewer installations of underground storage tank equipment being performed by the Heating and Cooling Department after old tanks have been removed.

Cost of goods sold as equipment and supplies from the Heating and Cooling Department decreased from $22,377 in the first quarter of fiscal 1992 from $19,429 in the same period of fiscal 1991. Because the decrease in cost of goods sold exceeded the decrease in sales, the gross profit increased to $7,106 in the first quarter of fiscal 1992 from $5,657 in the same period the previous year.

Heating and Cooling Department labor income (Other Revenue) was $44,747 in the first quarter of fiscal 1992, a decrease from the $50,055 earned in the same period of fiscal 1991. The decrease was attributable to fewer underground storeage tank removal jobs being completed during the quarter. The Company has recently experienced an increase in competition in its underground storage tank removal service from building contractors because of the economic slow down. Contractors, many with their own construction equipment, are now submitting bids for the removal of underground storage tanks.

Heating and Cooling Department Expenses. Operating expenses were $44,502 in the first quarter of fiscal 1992 a decrease from $46,946 in the same period of fiscal 1990. The Heating and Cooling Department's operating expenses include those expenses incurred in the sale and installation of equipment. In addition, these operating expenses include the labor, subcontracting charges and other expenses related to the underground storeage tank removal service. The increase in fiscal 1991 is primarily related to an increase in labor expense due to the addition of an employee to the Heating and Cooling Department and other expenses resulting from the completion of more underground storage tank removal jobs. As a result of the changes described above, operating income decreased to $7,351 in in the first quarter of fiscal 1992 from $8,766 in the same period of fiscal 1991.

Selling, General and Administrative expenses allocated to the Heating and Cooling Department were $16,036 in the first quarter of fiscal 1992, up from the $2,332 allocated in the same period of fiscal 1991. The increase is attributable to a change in the allocation of indirect expenses based on the direct expenses of a department from a discretionary allocation previously utilized. After allocation of Selling, General and Administrative expenses, the Heating and Cooling Department recorded a loss before income taxes of $8,685 for the first quarter of fiscal 1992, as compared to income before income taxes of $6,533 in the same period of fiscal 1991.

Rental Properties (Mark Park)

Other Revenue. The Company is engaged in the rental of several commercial, industrial and residential real estate properties through its Mark Park division. Rental income generated by this department is included in the Other Revenue caption of the financial statments. In the first quarter of fiscal 1992, rental income generated by the Mark Park department was $27,138 up from $24,498 generated by this department in the same period of fiscal 1991.

Mark Park Expenses. Operating expenses were $11,960 in the first quarter of fiscal 1992, a decrease from operating expenses of $16,646 in the same period of fiscal 1991. A decrease in repairs to the properties were primarily responsible for the decrease in operating expenses. As a result of the changes described above, operating income increased from $7,852 in the first quarter of fiscal 1991 to $15,178 in the same period of fiscal 1992.

Selling, General and Administrative expenses allocated to Mark Park were $4,851 in the first quarter of fiscal 1992 up from the $957 allocated in the same period of fiscal 1991. The increase is attributable to a change in the allocation of indirect expenses based on the direct expenses of a department from a discretionary allocation previously utilized. After allocation of Selling, General and Administrative expenses, Mark Park recorded income before income taxes of $10,327 for the first quarter of fiscal 1992, as compared to income before income taxes of $6,753 in the same period of fiscal 1991.

Liquidity and Capital Resources

The Company's working capital position increased to $591,696 at January 31, 1992 from $533,293 at October 31, 1991.

Accounts receivable decreased from $861,474 at year end to $742,275 at January 31, 1992. The decrease of $119,199 is attributable to the reduction in Company sales due to the lower sales price of petroleum products and the economic downturn and and fewer accounts receivables from the underground storage tank service.

The Company's inventories have decreased from $436,741 at fiscal 1991 to $348,919 at January 31, 1992. This decrease is attributable to fewer gallons of petroleum products on hand and reduced cost per gallon. Petroleum prices have decreased since the end of the fiscal year when there was considerable uncertainty in the petroleum markets.

Accounts payable decreased from $671,215 at year end to $422,835 at January 31, 1992. The decrease is attributable to an unusually high balance at year end due to a large increase in purchases as a result of unseasonably cold weather.

The Company has a $100,000 unsecured line of credit with a local bank. There were no borrowings outstanding under this line of credit at anytime during the first quarter of fiscal 1992.

It is expected that funds provided from operations, depreciation and funds available under the Company's line of credit will be sufficient to meet the Company's working capital needs.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The registrant is not a party to, nor is property thereof the subject of, any legal proceedings which departs from litigation normally incident to the kinds of business conducted by the registrant and which is material in relation to the financial position of net earnings of the registrant.

Item 2. Change in Securities

Not Applicable

Item 3. Defaults Upon Senior Securities

Not Applicable

Item 4. Submission of Matters to a Vote of Security Holders

Not Applicable

Item 5. Other Information

Not Applicable

Item 6. Exhibits and Reports on Form 8-K

(a) Not Applicable

(b) Not Applicable

[Signatures on next page.]

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CUYAHOGA LANDMARK, INC.

Dated: March 14, 1992

By: ______________________
Gary Smith, President and
Chief Executive Officer

And By: Wilbur Kaiser
Wilbur Kaiser, Treasurer
and Chief Financial Officer

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED: March 31, 1992; or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to __________

Commission File Number 0-18801

DynaGen, Inc.
(Exact name of registrant as specified in its charter)

Delaware	04-3029787
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

99 Erie Street
Cambridge, MA 02139
(Address of principal executive offices, including zip code)

(617) 491-2527
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

As of May 11, 1992, there were outstanding 12,018,125 shares of Common Stock, $.01 par value per share.

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FORM 10-Q

QUARTERLY REPORT

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(*) The financial information at June 30, 1991 has been taken from the Company's audited financial statements at that date and should be read in conjunction therewith. All other financial statements are unaudited.

DYNAGEN, INC.

CONDENSED BALANCE SHEETS
(Unaudited)

ASSETS

	March 31, 1992	June 30, 1991
Current assets:		
Cash and cash equivalents (including interest-bearing deposits of $210,000 and $1,618,000)	$ 1,114,190	$ 1,648,337
Certificate of deposit	-	400,000
Investment securities, market value $701,000	700,812	-
Accounts receivable	151,695	90,058
Recoverable amounts on long-term contracts	111,773	47,494
Inventories (Note 2)	12,893	13,198
Prepaid expenses and other current assets	136,910	80,305
Total current assets	2,228,273	2,279,392
Property and equipment:		
Laboratory and shop equipment	163,514	140,153
Furniture and office equipment	120,971	72,042
Leasehold improvements	5,908	3,332
	290,393	215,527
Less accumulated depreciation and amortization	(83,811)	(54,778)
Net property and equipment	206,582	160,749
Other assets:		
Goodwill, net of accumulated amortization of $18,620 and $14,210	10,780	15,190
Patents and trademarks, net of accumulated amortization of $17,737 and $13,535	115,850	76,641
Organization expenses, net	515	723
Deposits	13,702	1,376
Deferred registration costs (Note 3)	80,972	-
Total other assets	221,819	93,930
	$ 2,656,674	$ 2,534,071

See accompanying notes to unaudited financial statements.

DYNAGEN, INC.

CONDENSED BALANCE SHEETS
(Unaudited)

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31, 1992	June 30, 1991
Current liabilities:		
Accounts payable and accrued expenses	$ 537,733	$ 253,107
Due to related parties	-	76,590
Capital lease obligation, current portion	6,571	-
Total current liabilities	544,304	329,697
Capital lease obligation, non-current	16,303	-
Total liabilities	560,607	329,697
Stockholders' equity:		
Preferred stock, $.01 par value, 1,000,000 shares authorized, none issued	-	-
Common stock, $.01 par value, 20,000,000 shares authorized, 11,950,625 and 10,558,411 issued and outstanding	119,506	105,584
Additional paid-in capital	5,969,610	4,152,784
Accumulated deficit	(3,993,049)	(2,053,994)
Total stockholders' equity	2,096,067	2,204,374
	$ 2,656,674	$ 2,534,071

See accompanying notes to unaudited financial statements.

DYNAGEN, INC.

CONDENSED STATEMENTS OF LOSS

(Unaudited)

	Three Months Ended March 31, 1992	Three Months Ended March 31, 1991
Revenues:		
Contract services	$ 210,968	$ 153,725
Research and development	-	125,000
Total revenues	210,968	278,725
Costs and expenses:		
Contract services costs	120,079	77,233
Research and development	317,208	148,674
Selling, general and administrative	496,935	309,468
Total costs and expenses	934,222	535,375
Operating loss	(723,254)	(256,650)
Other income (expense):		
Interest income	19,326	16,080
Interest expense	(947)	(271)
Loss on termination of offering (Note 5)	(105,000)	-
Other income (expense), net	(86,621)	15,809
Net loss	($ 809,875)	($ 240,841)
Net loss per share	$ (.07)	$ (.03)
Weighted average shares outstanding (Note 6)	11,389,464	9,556,844

See accompanying notes to unaudited financial statements.

DYNAGEN, INC.

CONDENSED STATEMENTS OF LOSS
(Unaudited)

	Nine Months Ended	
	March 31, 1992	March 31, 1991
Revenues:		
Contract services	$ 498,922	$ 489,683
Research and development	9,230	319,000
Total revenues	508,152	808,683
Costs and expenses:		
Contract services costs	261,907	254,233
Research and development	838,674	363,281
Selling, general and administrative	1,319,039	773,852
Total costs and expenses	2,419,620	1,391,366
Operating loss	(1,911,468)	(582,683)
Other income (expense):		
Interest income	79,002	50,192
Interest expense	(1,589)	(20,899)
Loss on termination of offering (Note 5)	(105,000)	-
Other income (expense), net	(27,587)	29,293
Net loss	($ 1,939,055)	($ 553,390)
Net loss per share	$ (.17)	$ (.06)
Weighted average shares outstanding (Note 6)	11,293,927	8,768,452

See accompanying notes to unaudited financial statements.

DYNAGEN, INC.

CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Nine Months Ended March 31, 1992 and 1991
(Unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount			
Balance at June 30, 1990	5,500,000	$ 55,000	$ 31,745	($1,041,551)	($ 954,806)
Shares issued with initial public offering	4,000,000	40,000	3,039,460	-	3,079,460
Shares issued for services rendered	20,000	200	19,800	-	20,000
Exercise of initial public offering warrants	18,398	184	27,413	-	27,597
Exercise of lenders' warrants	40,000	400	7,600	-	8,000
Exercise of options	25,000	250	1,000	-	1,250
Net loss	-	-	-	(553,390)	(553,390)
Balance at March 31, 1991	9,603,398	$ 96,034	$3,127,018	($1,594,941)	$ 1,628,111
Balance at June 30, 1991	10,558,411	$105,584	$4,152,784	($2,053,994)	$ 2,204,374
Exercise of initial public offering warrants	775,339	7,753	1,155,053	-	1,162,806
Exercise of representative's warrant	560,000	5,600	659,498	-	665,098
Exercise of stock options	56,875	569	2,275	-	2,844
Net loss	-	-	-	(1,939,055)	(1,939,055)
Balance at March 31, 1992	11,950,625	$119,506	$5,969,610	($3,993,049)	$ 2,096,067

See accompanying notes to unaudited financial statements.

DYNAGEN, INC.

CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended March 31, 1992	Nine Months Ended March 31, 1991
Cash flows from operating activities:		
Net loss	($ 1,939,055)	($ 553,390)
Adjustments to reconcile net loss to net cash used for operating activities:		
Depreciation and amortization	37,853	28,274
Amortization of premiums on investment securities	23,388	-
Issuance of common stock for services	-	20,000
(Increase) decrease in assets:		
Accounts receivable	(61,637)	(281,238)
Recoverable amounts on long-term contracts	(64,279)	23,577
Inventories	305	(1,319)
Prepaid expenses and other current assets	(56,605)	(77,869)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	284,626	(202,910)
Due to related parties	(76,590)	(84,511)
Net cash used for operating activities	(1,851,994)	(1,129,386)
Cash flows from investing activities:		
(Increase) decrease in certificate of deposit	400,000	(400,000)
Purchase of investment securities	(977,633)	-
Proceeds from sales of investment securities	253,433	-
Purchase of property and equipment	(49,537)	(42,541)
Patent and trademark costs	(43,411)	(45,403)
Increase in deposits	(12,326)	(799)
Net cash used for investing activities	(429,474)	(488,743)

(Continued)

See accompanying notes to unaudited financial statements.

DYNAGEN, INC.

CONDENSED STATEMENTS OF CASH FLOWS (Continued)
(Unaudited)

	Nine Months Ended March 31, 1992	Nine Months Ended March 31, 1991
Cash flows from financing activities:		
(Increase) decrease in deferred registration costs	(80,972)	165,531
Decrease in cash overdraft	-	(24,658)
Proceeds from issuance of notes payable	-	85,000
Repayment of notes payable	-	(915,000)
Payments on long-term debt - related party	-	(95,760)
Principal payments on capital lease	(2,455)	-
Net proceeds from initial public offering	-	3,079,460
Net proceeds from exercise of warrants and options	1,830,748	36,847
Net cash provided by financing activities	1,747,321	2,331,420
Net increase (decrease) in cash	(534,147)	713,291
Cash and cash equivalents at beginning of period	1,648,337	-
Cash and cash equivalents at end of period	$ 1,114,190	$ 713,291
Supplemental cash flow information:		
Interest paid	$ 1,589	$ 93,864
Capital lease obligation for equipment	25,329	-

See accompanying notes to unaudited financial statements.

DYNAGEN, INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

March 31, 1992

1. BASIS OF PRESENTATION

The accompanying unaudited financial statements of the Company have been prepared in accordance with generally accepted accounting principles for interim financial information and in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all information and footnotes required by generally accepted accounting principles for complete financial statement presentation.

The results of operations for the periods reported are not necessarily indicative of those that may be expected for a full year. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) which are necessary for a fair statement of operating results for the interim periods presented have been made.

The financial information included in this report has been prepared in conformity with the accounting policies, reflected in the financial statements included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission.

2. INVENTORIES

Inventories consist primarily of raw materials and are stated at the lower of cost (first-in, first-out method) or market.

3. DEFERRED REGISTRATION COSTS

In March, 1992, the Company entered into a non-binding letter of intent to register and sell 1,000,000 shares of Common Stock on a "firm commitment basis" as part of a secondary public offering. Deferred registration costs represent expenses incurred in connection with the secondary public offering.

4. COMMITMENTS

In September, 1991, the Company entered into a one-year lease expiring September 30, 1992 for the entire building at 99 Erie Street, Cambridge, Massachusetts, consisting of approximately 27,000 square feet of space. The base monthly rental for the space is $14,063 plus real estate taxes and operating expenses. The Company has the option to extend the lease for a period of one year on the same terms.

5. LOSS ON TERMINATION OF OFFERING

In November, 1991, the Company commenced an offering of additional shares of its Common Stock to institutional investors through a placement agent. In February, 1992, the offering was terminated by mutual consent of the Company and the placement agent. A loss on the termination of this offering of $105,000 was charged to expense during the nine months ended March 31, 1992.

6. NET LOSS PER SHARE

Net loss per share is based on the weighted average number of common shares outstanding during the period. The effect of common stock warrants and options outstanding are anti-dilutive for the nine months ended March 31, 1992 and 1991.

7. STOCK PLAN

The Board of Directors adopted the 1991 Stock Plan (the "1991 Plan") on October 14, 1991, subject to approval by the Company's stockholders, and reserved 1,200,000 shares of common stock for issuance to employees, officers, directors, and consultants. Under the 1991 Plan, the Stock Option Committee of the Board of Directors will grant options, awards and purchase rights, and establish the terms of the grant in accordance with the provisions of the 1991 Plan.

8. EMPLOYEE BENEFIT PLAN

In September, 1991, the Board of Directors adopted a Section 401(k) Profit Sharing Plan (the "401(k) Plan"), effective July 1, 1991. Each full-time employee who has attained the age of 21 may elect to reduce their current compensation by up to 10%, subject to certain limitations, and have that amount contributed to the 401(k) Plan. The Company may make discretionary contributions to the 401(k) Plan up to 25% of employee compensation, subject to certain limitations. Employee contributions to the 401(k) Plan are fully vested at all times and all Company contributions become vested over a period of six years.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Three-Month Period Ended March 31, 1992
As Compared With The Three-Month Period Ended March 31, 1991

Revenues in the third quarter of fiscal 1992 were $211,000 versus $279,000 for the same period of fisçal 1991, a decrease of $68,000, or 24%. This decrease is due to an increase of $57,000 in contract revenues offset by a decrease of $125,000 in research and development revenues. The decrease in research and development revenues is due to a one time payment received by the Company in fiscal 1991 under an agreement with a third party to fund research and development of the Company's proposed diagnostic products for testing for tuberculosis. All research and development revenues for fiscal 1991 are directly related to this agreement, and the recovery of these costs. At March 31, 1992, this agreement is in dispute (see "Legal Proceedings").

Total costs and expenses for the third quarter of fiscal 1992 increased by $399,000, or 74% to $934,000 as compared to $535,000 for the third quarter of fiscal 1991. This increase was due to increases of $187,000 in selling and general and administrative costs, $169,000 in research and development costs, and $43,000 in contract services costs.

Contract services costs for the third quarter of fiscal 1992 were $120,000, up $43,000, or 55% from $77,000 for the same period of fiscal 1991. Contract costs were 56.9% and 50.2% of contract revenues for the third quarter of fiscal 1992 and 1991, respectively. The percentage fluctuation is due to higher allocable overhead costs incurred as a result of the Company's new lease for its business premises.

Research and development expenses for the third quarter of fiscal 1992 were $317,000, or $169,000 and 113% higher than the $148,000 incurred for the same period in the prior fiscal year. The increase was due to increased labor and material costs in connection with the Company's research and development of its proposed diagnostic and therapeutic products.

Selling, general and administrative expenses increased to $497,000 for the third quarter of fiscal 1992, an increase of $187,000, or 61% over the $310,000 for the third quarter of fiscal 1991. This increase was due to increases associated with additional staffing and related benefits ($56,000), rent and related costs ($82,000), legal ($29,000), and travel ($15,000). The staffing increases included two new members of senior management as well as other additions to staff whose time was not chargeable to a direct project.

Interest income increased by $3,000, or 20% to $19,000 from $16,000, for the third quarter of fiscal 1992 and 1991, respectively. The increase was due to the investment of the proceeds of the Company's public offering in August, 1990 and the proceeds of the warrant conversion in June and July of 1991.

Interest expense incurred on the financing of new equipment was $1,000 for the third quarter of fiscal 1992.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Nine-Month Period Ended March 31, 1992
As Compared With The Nine-Month Period Ended March 31, 1991

Revenues in the first nine months of fiscal 1992 were $508,000 versus $809,000 for the same period of fiscal 1991. This is a decrease of $301,000, or 37%. This decrease is due to an increase of $9,000 in contract revenues and a decrease of $310,000 in research and development revenues. This decrease in research and development revenues is directly related to a fulfillment of an agreement entered into by the Company with a third party that funded the ongoing research and development of diagnostic tests for tuberculosis through March 15, 1991 (see "Legal Proceedings").

Total costs and expenses for the first nine months of fiscal 1992 increased by $1,029,000, or 74% to $2,420,000 as compared to $1,391,000 for the first nine months of fiscal 1991. This increase was due to increases of $545,000 in selling, general and administrative costs, $476,000 in research and development costs, and $8,000 in contract services costs.

Contract services costs for the first nine months of fiscal 1992 were $262,000, up $8,000, or 3% from the $254,000 for the same period of the prior fiscal year. Contract costs were 52.5% and 52.0% of contract revenues for the nine months ended March 31, 1992 and 1991, respectively.

Research and development expenses for the first nine months of fiscal 1992 were $839,000 or $476,000 and 131% higher than the $363,000 incurred for the same period in the prior fiscal year. The increase was due to additional labor and materials in connection with the Company's research and development of its proposed diagnostic and therapeutic products.

Selling, general and administrative expenses increased to $1,319,000 for the first nine months of fiscal 1992, an increase of $545,000, or 70% over the $774,000 for the nine months ended March 31, 1991. This increase was due to costs associated with additional staffing and related benefits ($191,000), rent and related expenses ($93,000), legal ($65,000), travel ($42,000), accounting ($30,000), and public relations ($21,000).

Interest income increased by $29,000, or 57% to $79,000 from $50,000, for the first nine months of fiscal 1992 and 1991, respectively. The increase was due to the investment of the proceeds of the Company's public offering in August, 1990 and the proceeds of the warrant conversion in June and July, 1991.

The Company incurred interest expense of $2,000 in the first nine months of fiscal 1992 as compared to $21,000 for the same period in 1991. The decrease was due to the retirement of all outstanding debt in August, 1990 with the proceeds of the Company's public offering offset by the financing of new equipment in 1992.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 1992 the Company had working capital of $1,684,000. This compared to working capital of $1,950,000 at June 30, 1991. Cash, cash equivalents, and investments were $1,815,000 at March 31, 1992 as compared to $2,048,000 at June 30, 1991. In July 1991, the Company received additional capital of $1,163,000 from the exercise of Warrants issued in connection with its initial public offering. In addition, in March, 1992, the Company received net proceeds of $665,000 from the exercise of a Warrant issued to the representative of the underwriters of the Company's initial public offering. At March 31, 1992, approximately $911,000 was invested in short-term interest bearing instruments.

Accounts receivable and recoverable amounts on long-term contracts increased by $126,000 or 92% to $263,000 at March 31, 1992 as compared to the June 30, 1991 balance. The increase was primarily due to an increase in contract service revenues in the third quarter of fiscal 1992 in comparison to the fourth quarter of fiscal 1991.

Prepaid expenses and other current assets increased to $137,000 as of March 31, 1992 up $57,000 or 70% from the balance of $80,000 at June 30, 1991. The increase is due to increases in prepaid consulting fees ($24,000), employee advances ($12,000), and accrued interest receivable ($19,000).

(Continued)

During the nine months ended March 31, 1992, the Company invested $75,000 in property and equipment. Significant asset purchases include laboratory equipment of $23,000 and a new telephone system at a cost of $25,000. The laboratory equipment purchased is being utilized in the Company's ongoing development of diagnostic tests for mycobacterial diseases and a therapeutic product for smoking cessation (NicErase™). The purchase of the telephone system was financed through a capital lease payable over a three year period.

An increase in accounts payable and accrued expenses of $285,000 produced a balance of $538,000 at March 31, 1992. This compares to a balance of $253,000 at June 30, 1991. The increase is due to costs associated with the Company's continued financing efforts and the expanded research and development program. There were no amounts due to related parties at March 31, 1992 as these amounts were paid from the proceeds of the warrant conversion in July 1991.

Management anticipates that the available working capital is sufficient to fund the research and development of the Company's proposed diagnostic and therapeutic products through December 1992. The Company may receive additional capital from the exercise of stock options granted to employees and warrants granted to certain lenders. The Company continues to explore additional sources of capital to expand its research and product development programs.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

In April 1991, the Company entered into an Option Agreement with The Wellcome Foundation Ltd. ("Wellcome"), a company engaged in the development, manufacture, marketing, and sale of pharmaceutical and other medical products. Under the Option Agreement, the Company granted Wellcome an option to enter into an exclusive worldwide license to manufacture, market, and sell the Company's latex and EIA tests for the detection of tuberculosis, as well as any other test formats (other than the immunodot and immunofluorescence tests) that may be developed by Wellcome using the Company's proprietary monoclonal antibody and antigen technology. Pursuant to the Option Agreement, Wellcome paid the Company $319,000 consisting of a payment of $94,000 for the option and $225,000 for the Company's research and development services from August 1, 1990 to March 15, 1991.

In November, 1991, Wellcome disclosed that it had entered into negotiations with International Murex Technologies Corporation ("Murex") for the acquisition by Murex of Wellcome Diagnostics, the diagnostic division of Wellcome. In February, 1992, Wellcome sold its diagnostic division to Murex. The Company's Option Agreement with Wellcome provides that Wellcome may, with the consent of the Company (not to be unreasonably withheld), transfer the Option Agreement to any third party acquiring substantially all of its diagnostic business. The Option Agreement further provides that, in the event that the Company refuses its consent, it must repay to Wellcome all amounts Wellcome has paid to the Company under the Option Agreement before the date of any assignment (to date, $319,000). The Company has determined not to consent to the assignment of the Option Agreement to Murex and has terminated the Option Agreement with Wellcome on the grounds of repudiation of the Option Agreement by Wellcome.

Wellcome and Murex have denied that Wellcome has repudiated the Option Agreement. Wellcome also has claimed that the Company is in breach of the Option Agreement by refusing to consider whether to consent to the assignment of the Option Agreement by Murex. The Company has offered to repay $319,000 to Wellcome and

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(Continued)

terminate the Option Agreement. This offer has neither been accepted nor rejected by Wellcome.

Murex has commenced proceedings against the Company in the High Court of Justice in England claiming that the Company's withholding or refusal of consent to assign was, and is, unreasonable and that Wellcome is entitled to assign the Option Agreement to Murex. The Company has entered a defense to Murex's proceedings and has counterclaimed that: (i) Wellcome has repudiated the Option Agreement and that the Company has accepted that repudiation; (ii) the Company was entitled to and has terminated the Option Agreement by refusing consent to assign to Murex and offering to repay $319,000 to Wellcome; (iii) consent to assign the Option Agreement to Murex was reasonably withheld; and (iv) Murex has no cause of action against the Company. The Company has requested the Court to order the return of the Company's technology, to restrain Wellcome and Murex from using or disclosing the Company's technology, to declare that the Option Agreement has been terminated, and to award damages and costs. The Company intends to vigorously assert and defend its rights in the proceedings with Murex; however, no assurance can be given that the outcome of these proceedings will be favorable to the Company. The Company believes that even if the outcome is unfavorable, it will not have a material adverse effect on the business or earnings of the Company.

Based on its belief that Wellcome has repudiated or breached the Option Agreement, and that the Company has properly terminated the Option Agreement, the Company has begun investigating other potential licensing opportunities for the Company's proposed latex and EIA tests. While the Company believes there may be other suitable licensees or partners for the proposed tests, there can be no assurance that the Company will find another suitable licensee, and even if found, that any potential collaborative partner can manufacture, market, and sell the proposed tests effectively.

Item 2. Changes in Securities

Not applicable.

PART II - OTHER INFORMATION

(Continued)

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Submission of Matters to a Vote of Security Holders

No matter has been submitted to a vote of security holders, whether through the solicitation of proxies or otherwise, during the quarter ended March 31, 1992.

Item 5. Other Information

Not applicable.

Item 6. Exhibits and Reports on Form 8-K

a. No exhibits were required to be filed.

b. No reports on Form 8-K were filed during the quarter ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DYNAGEN, INC.

By: ____
Indu A. Muni, Ph.D.
President and Treasurer

Date: May 11, 1992

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

G92.2238

For the quarterly period ended March 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ____________

Commission File No. ____________

FIRST CENTENNIAL CORPORATION
(Exact name of registrant as specified in its charter)

COLORADO	84-0817817
(State of other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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3500 JFK Parkway, Suite 301
Fort Collins, Colorado 80525
(Address of principal executive offices)
(Zip Code)

(303)223-5030
(Registrant's telephone number including area code)

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Q-Data Corp. - St. Petersburg, Fl

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the 90 days.

Yes X No ____

Indicate the number of shares outstanding of each of the Registrant's classes of Common Stock, as of the latest practicable date:

Class A Common Stock, $1.00 par value	2,806,109
Title of Class	Number of Shares Outstanding As of May 15, 1992
Class B Common Stock, $1.00 par value	800
Title of Class	Number of Shares Outstanding As of May 15, 1992

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FIRST CENTENNIAL CORPORATION AND SUBSIDIARIES

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Condensed consolidated statements of cash flows
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PART 1. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

FIRST CENTENNIAL CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 1992 (UNAUDITED)	DECEMBER 31, 1991 (NOTE)
ASSETS		
Fixed maturities:		
At amortized cost (market value of $5,543,470 and $6,134,688)	$ 5,449,141	$ 5,891,988
At market value (cost of $6,319,073 and $5,045,033)	6,269,104	5,164,515
Equity securities:		
Preferred stock at market cost of $39,175	39,259	39,259
Common stock at market (cost of $37,500 and $200,465)	0	60,665
Mortgage loans	3,712,708	3,710,693
Policy loans	763,759	772,353
Collateral loan to affiliate	250,000	250,000
Short-term investments	346,867	1,083,790
TOTAL INVESTMENTS	16,830,838	16,973,263
Cash	441,069	128,439
Accrued investment income	297,846	302,295
Deferred policy acquisition costs	3,018,250	3,047,223
Property and equipment, less accumulated depreciation: 1992-$338,183; 1991-$360,005	92,234	105,503
Federal income tax refund	20,000	20,000
Other assets, net	515,364	473,617
	$ 21,215,601	$ 21,050,340

Note: The balance sheet at December 31, 1991 has been derived from audited financial statements at that date.

FIRST CENTENNIAL CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 1992 (UNAUDITED)	DECEMBER 31, 1991 (NOTE)
LIABILITIES REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Policy reserves and contract liabilities:		
Future policy benefits	$ 16,211,668	$ 15,968,229
Advance premiums on deposit	220,677	222,426
Policy claims payable	99,623	63,268
	16,531,968	16,253,923
Other policyholder's funds	666,592	620,510
Other liabilities	243,208	186,504
Notes payable non-affiliates	550,000	550,000
Note payable to affiliate	349,724	352,724
Federal income taxes:		
Deferred	172,000	172,000
	18,513,492	18,135,661
REDEEMABLE PREFERRED STOCK		
Preferred Stock-1991 Series 1, par value $10 per share, issued and outstanding 32,500 and 32,500 shares, respectively	325,000	325,000
STOCKHOLDERS' EQUITY		
Preferred Stock-1988 Series 1, par value $1 per share, issued and outstanding 154,641 and 162,641 shares, respectively	154,641	162,641
Class A Common Stock, par value $1 per share, authorized 15,000,000 shares, issued and outstanding 2,806,087 and 2,798,647 shares, respectively	2,806,087	2,798,647
Class B Common Stock, par value $1 per share, authorized 50,000 shares, issued and outstanding 800 and 40,000 shares, respectively	800	40,000
Additional paid-in capital	2,929,733	3,889,973
Net unrealized loss on investments at market value	(88,210)	(21,059)
Accumulated deficit	(3,425,942)	(3,280,523)
	2,377,109	3,589,679
Less: Treasury stock, at cost	0	1,000,000
	2,377,109	2,589,679
	$ 21,215,601	$ 21,050,340

Note: The balance sheet at December 31, 1991 has been derived from audited financial statements at that date.

FIRST CENTENNIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATION (Unaudited)

	Three Months Ended March 31,	
	1992	1991
Revenues:		
Insurance revenues	$ 642,263	$ 706,753
Net investment income	348,272	368,521
Realized capital gains and (losses) on investments	21,408	193
Other	5,787	1,633
	1,017,730	1,077,100
Benefits and expenses:		
Insurance benefits paid or provided:		
Increase (decrease) in policy reserves	(89,370)	(87,973)
Policyholders' dividends	106,630	89,712
Claim and benefit expenses	528,714	343,343
	545,974	345,082
Salaries	121,396	161,760
Underwriting and insurance expenses	376,421	447,193
Amortization of deferred policy acquisition costs	119,360	51,270
	1,163,151	1,005,305
(Loss) gain before income taxes	(145,421)	71,795
Federal income tax expense (benefit)	0	3,500
NET (LOSS) GAIN	$ (145,421)	$ 68,295
Net (loss) gain per share of common stock	$ (0.05)	$ 0.02
Weighted average number of common shares outstanding during the period	$ 2,809,357	$ 3,207,203

See notes to condensed consolidated financial statements.

FIRST CENTENNIAL CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATE STATEMENT OF CASH FLOWS
(UNAUDITED)

	Three Months Ended March 31,	
	1992	1991
Cash provided by operating activities	$ 364,248	$ (117,648)
Financing Activities		
Cash provided by borrowed money	250,000	300,000
Payments of notes and mortgages	(253,000)	(450,000)
CASH USED BY FINANCING ACTIVITIES	(3,000)	(150,000)
Investing Activities		
Sales of investments	6,946,005	1,847,573
Purchase of investments	(6,994,623)	(1,264,983)
Purchase of property and equipment	0	(1,358)
CASH PROVIDED BY INVESTING ACTIVITIES	(48,618)	581,232
INCREASE (DECREASE) IN CASH	312,630	313,584
Cash at beginning of period	128,439	47,687
CASH AT END OF PERIOD	$ 441,069	$ 361,271

See notes to condensed consolidated financial statements.

FIRST CENTENNIAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

March 31, 1992

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions for Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. Operating results for the three month period ended March 31, 1992, are not necessarily indicative of the results that may be expected for the year ending December 31, 1992. For further information, refer to the consolidate financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 1991.

NOTE B - DEFERRED FEDERAL INCOME TAXES

Deferred federal income taxes were computed by applying the statutory income tax rate to the loss before tax in the consolidated statements. These effective rates differ from the statutory rate because of non-life insurance company losses which cannot be offset against life insurance company income and because of certain special deductions available to life insurance companies.

NOTE C - CLASS A COMMON STOCK, CLASS B COMMON STOCK, 1988 SERIES 1 PREFERRED STOCK AND ADDITIONAL PAID-IN CAPITAL

During the first quarter of 1992, 8,000 shares of 1988 Series 1 Preferred Stock were converted to 7440 shares of Class A Common Stock. The conversion of the 1988 Series 1 Preferred Stock increased paid-in capital $560.

NOTE D - NET INCOME (LOSS) PER SHARE

Net income (loss) for the three month period ended March 31, 1992 and 1991 per share of Class A Common Stock is based upon the number of shares of Class A Common Stock outstanding during the period plus the assumed conversion of 800 shares of Class B Common Stock in 1992 and 40,000 shares in 1991 into 6,000 and 300,000 shares of Class A Common Stocks respectively during which the Class B Common Stock was outstanding. Total weighted average number of shares assumed to be outstanding for the three month period were 2,809,357 and 3,207,203.

NOTE E - CAPITALIZED EXPENSES

During the first quarter of 1992, the Company made no additional capital expenditures for the acquisition of property and equipment or for the sale of stock.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The discussion below should be read in conjunction with the consolidated financial statements of First Centennial Corporation (the "Company") included in its Annual Report on Form 10-K for the year ended December 31, 1991.

Results of Operations

The Company incurred a $145,421 net loss for the first three months of 1992 compared to a $68,295 of net income for the same period in 1991. The loss was primarily due to the increases in claims and benefit expenses and deferred acquisition costs.

Insurance revenues decreased by $64,490 during the three months of 1992 compared to the same period last year. This was due to the fact the Company ceased solicitation of new business in February of 1992.

Net investment income decreased slightly $20,249 for the first three months of 1992. Management expects continued slight decreases in investment income for the balance of 1992, as it sells the portfolio of corporate bonds and purchases U.S. Treasury Notes.

The decrease during the first three months of 1992 salaries of $40,364 as compared the same period a year ago is due to the Company's reduction in staff. Management expects that this staff decrease will remain throughout 1992.

Underwriting and insurance expenses were $376,421 in the three months of 1992 as compared to $447,195 during the same period of 1991. The Company reduced these expenses by $70,772 while charging income with $89,828 for doubtful debit agents balances and $19,750 for prior capitalized expenses. No further write offs are anticipated for 1992.

Claims and benefit expense for the first three months of the year increased by $185,371 due largely to the increase in death claims.

Liquidity and Capital Resources

The liquidity and capital resources requirements of the Company are met solely by the operation of the Company's life insurance subsidiary, First Centennial Life Insurance Company. First Centennial Life Insurance Company was required to have capital and surplus of $780,000 by February 29, 1992, at March 31, 1992 the statutory capital and surplus was $958,905. The requirement for statutory capital and surplus of First Centennial Life Insurance Company increases to $960,000 by July 1, 1992 and thereafter increases proportionately each year thereafter to $1.5 million on July 1, 1995. Management believes the Company can generate profits to meet these required amounts.

However, the recent increases in Company debt must also be paid out of or generated from profits of First Centennial Life. Total debt of the Company at March 31, 1992 was $899,724, all of which is current. The Company's President is owed $349,724 of the debt. He has agreed to forego payment of amounts owed to him in order for First Centennial Life Insurance Company to meet minimum required amounts of capital and surplus. Also, $250,000 of the debt is a revolving line of credit which the Company pays down from time to time.

During the first quarter of 1992 First Centennial Life Insurance Company withdrew voluntarily from doing business in two states because its statutory level of capital and surplus was not sufficient to do business in those states.

Management took the following course of action during the first quarter of 1992 in an effort to increase capital and surplus of First Centennial Life Insurance Company: ceased solicitation of new business during February, reduced the dividend provision on the LTA 600 policy, and is in the process of shifting the investment portfolio into long-term U.S. Treasury Notes thereby reducing the mandatory securities valuation reserve liability required in determining its statutory capital and surplus. In addition, interest rates currently being paid on interest sensitive products was reduced by 1%.

Management is optimistic that the proposed transaction with Citizens, Inc. (refer to the Company's December 31, 1991 10-K for additional information) will take place, and the liquidity and capital concerns of the Company will be alleviated. However, in the event the agreement with Citizens is not consummated, the Company will be required to continue the course of action outlined above, and may have to consider further significant cost reductions and once again, attempt to raise further equity and debt capital. There can be no assurance that these alternatives will succeed, in which case the Company would be significantly restricted in any activities it may undertake due to a lack of capital.

First Centennial Life holds a collateral loan in the amount of $250,000 at March 31, 1992 made to its principal Class A common shareholder. The collateral for this loan is 475,000 shares of the Company's Class A Common Stock and a secured position through a deed of trust on approximately 119 acres of undeveloped real estate in North Carolina. The real estate is subject to a foreclosure action by the holder of a prior deed of trust. Notwithstanding First Centennial Life's junior secured position in the real estate, management believes First Centennial Life has sufficient collateral securing this loan.

PART II -- OTHER INFORMATION

ITEM 1. Legal Proceedings
None

ITEM 2. Changes in Securities
None

ITEM 3. Default Upon Senior Securities
None

ITEM 4. Submission of Matters to Vote of Security Holder
None

ITEM 5. Other Information
None

ITEM 6. Exhibits and Reports on Form 8-K

A) None
B) Two reports on Form 8-K were filed during the quarter ended March 31, 1992, a report dated February 27, 1992 with respect to Item 5. Other events and a report dated January 28, 1992 with respect to Item 1. Changes in control of registrants.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Kenneth R Bearden

May 19, 1992
Date

Kenneth R. Bearden
Chief Executive Officer

Gary R. Wheeler

May 19, 1992
Date

Gary R. Wheeler
Vice President/Treasurer
Principal Accounting Officer

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended January 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

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For the transition period from ________ to ________

Commission file number: 33-31868-D

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FI-TEK IV, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

84-1124675
(I.R.S. Employer Identification No.)

12543-A East Pacific Circle, Aurora, Colorado
(Address of principal executive offices)

80014
(Zip Code)

(303) 337-1033
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for at least the past 90 days.

Yes X No __

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APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes latest practicable date.

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Class of Securities	Shares Outstanding (as of March 1, 1992)
Common Stock, $.00001 Par Value	32,701,580

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FI-TEK IV, INC.

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For the six months ended January 31, 1991 and 1992,
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PI-TEK IV, INC.
(A DEVELOPMENT STAGE COMPANY)
BALANCE SHEETS

ASSETS

	January 31, 1992 (Unaudited)	July 31, 1991 (Note)
Current assets:		
Cash	$ 159,606	$ 162,107

LIABILITIES AND STOCKHOLDERS' EQUITY

	January 31, 1992 (Unaudited)	July 31, 1991 (Note)
Current liabilities:		
Accounts payable	$ -	$ 254
Stockholders' equity:		
Preferred stock, $.0001 par value; authorized 20,000,000 shares; none issued and outstanding	-	-
Common stock, $.00001 par value; authorized 300,000,000 shares; 32,701,580 shares issued and outstanding at January 31, 1991 and July 31, 1991, respectively	327	327
Capital in excess of par value	180,891	180,891
Deficit accumulated during the development stage	(21,612)	(19,365)
Total stockholders' equity	159,606	161,853
	$ 159,606	$ 162,107

Note: Taken from the audited balance sheet at that date.

FI-TEK IV, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF OPERATIONS

	Three Months Ended January 31, 1992 (Unaudited)	Three Months Ended January 31, 1991 (Unaudited)	Six Months Ended January 31, 1992 (Unaudited)	Six Months Ended January 31, 1991 (Unaudited)	August 3, 1989 (Inception) to January 31, 1992 (Unaudited)
Revenue	$ 1,533	$ 2,222	$ 3,416	$ 3,975	$ 12,035
Operating expenses:					
Management compensation	-	-	-	3,000	5,000
General and administrative	898	1,420	1,940	7,482	10,863
Accounting	1,438	250	1,700	750	3,860
Legal	1,640	3,908	2,025	8,224	13,704
Payroll taxes	-	-	-	-	220
	3,976	5,578	5 665	19,456	33,647
Net income (loss)	$ (2,443)	$ (3,356)	$ (2,249)	$(15,481)	$(21,612)
Net loss per share	$ *	$ *	$ *	$ *	$ *
Weighted average number of common stock shares	32,701,580	32,701,580	32,701,580	30,075,016	27,958,029

* Less than $.01 net loss per share

FI-TEK IV, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF CASH FLOWS

	Six Months Ended January 31, 1992 (Unaudited)	Six Months Ended January 31, 1991 (Unaudited)	August 3, 1989 (Inception) to January 31, 1992 (Unaudited)
Cash flows from operating activities:			
Interest received	$ 3,417	$ 3,710	$ 12,035
Cash paid for general and administrative expenses (Note 2)	(5,918)	(37,033)	(33,647)
Net cash used by operating activities	(2,501)	(33,323)	(21,612)
Cash flows from financing activities:			
Proceeds from issuance of common stock for cash	-	215,458	230,458
Deferred offering costs	-	(35,468)	(49,240)
Shareholder advance	-	(1,625)	-
Accounts receivable	-	(67)	-
Net cash provided by financing activities	-	178,298	181,218
Net increase (decrease) in cash	(2,501)	144,975	159,606
Cash, beginning of period	162,107	-	-
Cash, end of period	$ 159,606	$ 144,975	$ 159,606

Reconciliation of Net Income to Net Cash Used by Operating Activities:

Net income (loss)	$ (2,249)	$ (15,481)	$ (21,612)
Adjustments to reconcile net loss to net cash used by operating activities:			
Increase (decrease) in accounts payable	(252)	(750)	-
Increase in prepaid expenses	-	(17,092)	-
	$ (2,501)	$ (33,323)	$ (21,612)

FI-TEK IV, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS

NOTE 1 CONDENSED FINANCIAL STATEMENTS

The financial statement included herein have been prepared by Fi-Tek IV, Inc. (the "Company") without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted as allowed by such rules and regulations, and the company believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these financial statements be read in conjunction with the July 31, 1991 audited financial statements and the accompanying notes thereto. While management believes the procedures followed in preparing these financial statements are reasonable, the accuracy of the amounts are in some respects dependent upon the facts that will exist, and procedures that will be accomplished by the Company later in the year.

The management of the Company believes that the accompanying unaudited condensed financial statements contain all adjustments (including normal recurring adjustments) necessary to present fairly the operations and cash flows for the periods presented.

NOTE 2 GENERAL AND ADMINISTRATIVE EXPENSES

At six months ended January 31, 1991, cash paid for general and administrative expenses was overstated. This account was adjusted at the year end, July 31, 1991 to reflect the actual balance.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Liquidity and Capital Resources

The Company remains in the development stage and, since inception, has experienced no significant change in liquidity or capital resources or stockholder's equity other than the receipt of net proceeds in the amount of $166,175 from its public offering and a minimal amount of inside capitalization funds. Consequently, the Company's balance sheet for the period ended January 31, 1992 reflects a current and total asset value of $159,606, all in the form of cash. In comparison, the Company's balance sheet for the fiscal year ended July 31, 1991 reflects a current and total asset value of $162,107, also all in the form of cash.

Since the completion of the offering, the Registrant has commenced its search for and evaluation of acquisition candidates. The Registrant cannot, however, predict when a suitable candidate might be identified, to what extent its liquidity and capital resources will be diminished prior to the closing of a combination with a candidate, or whether capital will be further depleted by the operating losses (if any) of any business entity that the Registrant might eventually acquire.

Results of Operations

During the quarter ended January 31, 1992, and since completing its public offering, the Company has engaged in no significant operations other than the search for, identification and evaluation of possible acquisition candidates. Other than interest income of $1,533, $3,416 and $12,035, no revenues were received by the Company during the quarter and six months ended January 31, 1992 and from inception through January 31, 1992, respectively. For the quarter and six months ended January 31, 1991, no revenues were received other than interest income of $2,222 and $3,975, respectively. The Company has experienced a net loss since inception of $21.612, and a net loss during the quarter ended January 31, 1992 of $2,443, primarily the result of general and administrative expenses and legal fees. This compares with a net loss of $3,356 for the quarter ended January 31, 1991.

For the coming quarter and fiscal year, the Company anticipates an increased net loss due to certain expenses associated with locating and evaluating acquisition candidates. The Company anticipates that until a business combination is completed with an acquisition candidate, it will not generate revenues other than interest income, and may still operate at a loss after completing a business combination, depending on the performance of the acquired business.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has caused this Report to be signed on its behalf by the undersigned duly authorized person.

FI-TEK IV, INC.

Date: March 12, 1992

By: Frank L Kramer
Frank L. Kramer, President and
Principal Financial Officer

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM-10Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________ to ______________

MAY

Commission file number 33-19617

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Q-Data Corp. - St. Petersburg, FL

GREATE BAY PROPERTY FUNDING COR
(Exact name of registrant as specified in --- --------,

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NEW JERSEY (State or other jurisdiction of incorporation or organization)	22-2840368 (I.R.S. Employer Identification No.)
136 South Kentucky Avenue Atlantic City, New Jersey (Address of principal executive offices)	08401 (Zip Code)

(Registrant's telephone number, including area code) (609) 441-4517

(Not Applicable)
(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at March 15, 1992
Common Stock, no par value	2,500 Shares

BEST COPY AVAILABLE

GREATE BAY PROPERTY FUNDING CORP.
GREATE BAY HOTEL AND CASINO, INC.

PART I: FINANCIAL INFORMATION

Introductory Notes to Financial Statements

The registered securities are $173,030,000 of 11.75% First Mortgage Notes due 1994 (the "First Mortgage Notes") issued by Greate Bay Property Funding Corp. ("Funding"), a New Jersey Corporation.

Funding, through Pratt Casino Properties, Inc., is a special purpose subsidiary of Pratt Hotel Corporation ("Pratt"), a Delaware Corporation, which was organized during June 1987 to borrow funds through the issuance of the First Mortgage Notes and to lend those funds to Greate Bay Hotel and Casino, Inc. ("GBH&C"), a New Jersey Corporation. GBH&C, through Pratt Casino Properties, Inc., is a subsidiary of Pratt engaged primarily in the ownership of the Sands Hotel and Casino in Atlantic City, New Jersey (the "Sands on the Park"). The First Mortgage Notes are secured by a first mortgage and fixture security agreement on the Sands on the Park and are unconditionally guaranteed by Pratt with respect to the due and punctual payment of up to $10 million of the principal and interest on the First Mortgage Notes. Pratt is an American Stock Exchange listed company subject to the reporting requirements of the Securities Act of 1934.

The financial statements as of March 31, 1992, and for the three month periods ended March 31, 1992 and 1991, have been prepared by both Funding and GBH&C without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, their respective financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly their respective financial position as of March 31, 1992, and their respective results of operations for the three month periods ended March 31, 1992 and 1991 and their cash flows for the three month periods ended March 31, 1992 and 1991.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These financial statements should be read in conjunction with the financial statements and notes thereto included in Funding's 1991 Annual Report on Form 10-K.

A significant portion of GBH&C's assets relate to the Sands on the Park, which conducts gaming operations in Atlantic City, New Jersey. Historically, such gaming operations have been highly seasonal in nature, with the peak activity occurring from May to September. Consequently, the results of GBH&C's operations for the three month period ended March 31, 1992 are not necessarily indicative of the operating results to be reported for the full year.

The principal executive offices of Funding and GBH&C are located at the Sands Administrative and Employee Services Complex, 136 South Kentucky Avenue, Atlantic City, New Jersey 08401. The principal executive offices of Pratt are located at Two Galleria Tower, Suite 2200, 13455 Noel Road, Dallas, Texas 75240.

GREATE BAY PROPERTY FUNDING CORP.
(a wholly owned subsidiary of Pratt Casino Properties, Inc.)

BALANCE SHEETS

ASSETS

	March 31, 1992 (Unaudited)	December 31, 1991
Current Assets:		
Cash	$ 1,000	$ 1,000
Interest receivable	1,391,000	1,400,000
Current portion of note receivable	4,810,000	4,671,000
Total current assets	6,202,000	6,072,000
Note Receivable from Affiliate - Greate Bay Hotel and Casino, Inc., net of unearned interest income of $842,000 and $932,000, respectively	164,823,000	165,987,000
	$ 171,025,000	$ 172,059,000

LIABILITIES AND SHAREHOLDER'S EQUITY

	March 31, 1992 (Unaudited)	December 31, 1991
Current Liabilities:		
Accrued interest payable	$ 1,391,000	$ 1,400,000
Current portion of long-term debt	4,810,000	4,671,000
Total current liabilities	6,201,000	6,071,000
Long-Term Debt, net of discount of $842,000 and $932,000, respectively	164,823,000	165,987,000
Shareholder's Equity:		
Common stock, no par value; 2,500 shares authorized and outstanding	1,000	1,000
	$ 171,025,000	$ 172,059,000

The accompanying introductory notes and notes to financial statements are an integral part of these balance sheets.

GREATE BAY PROPERTY FUNDING CORP.
(a wholly owned subsidiary of Pratt Casino Properties, Inc.)

STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31, 1992	Three Months Ended March 31, 1991
Revenues:		
Interest income	$ 5,110,000	$ 5,173,000
Expenses:		
Interest expense	5,110,000	5,173,000
Net Income	$ -	$ -

The accompanying introductory notes and notes to financial statements are an integral part of these statements.

GREATE BAY PROPERTY FUNDING CORP.
(a wholly owned subsidiary of Pratt Casino Properties, Inc.)

STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,	
	1992	1991
OPERATING ACTIVITIES:		
Net income	$ -	$ -
Adjustments to reconcile net income to net cash provided by operating activities:		
Accretion of debt discount	90,000	90,000
Amortization of unearned interest income	(90,000)	(90,000)
Net cash provided by operating activities	-	-
FINANCING ACTIVITIES:		
Repayment of note receivable from affiliate	1,115,000	-
Repayments of long-term debt	(1,115,000)	-
Net cash provided by financing activities	-	-
Net increase in cash	-	-
Cash at beginning of period	1,000	1,000
Cash at end of period	$ 1,000	$ 1,000

The accompanying introductory notes and notes to financial statements are an integral part of these statements.

GREATE BAY HOTEL AND CASINO, INC.
(a wholly owned subsidiary of Pratt Casino Properties, Inc.)

BALANCE SHEETS

ASSETS

	March 31, 1992 (Unaudited)	December 31, 1991
Current Assets:		
Cash and cash equivalents	$ 16,157,000	$ 13,013,000
Accounts receivable, net of allowances of $18,753,000 and $18,177,000, respectively	12,152,000	14,486,000
Arbitration award receivable	17,991,000	17,719,000
Due from affiliates	1,891,000	-
Inventories	3,088,000	3,070,000
Refundable deposits and other current assets	2,251,000	2,636,000
Total current assets	53,530,000	50,924,000
Property and Equipment:		
Land and land improvements	37,554,000	37,554,000
Buildings	169,583,000	169,583,000
Furniture and equipment	93,495,000	92,946,000
Construction in progress	579,000	835,000
	301,211,000	300,918,000
Less - accumulated depreciation and amortization	(128,868,000)	(125,262,000)
Net property and equipment	172,343,000	175,656,000
Other Assets:		
Obligatory investments	6,253,000	6,225,000
Due from affiliates	19,768,000	18,799,000
Deferred financing costs and other assets	4,219,000	4,566,000
Total other assets	30,240,000	29,590,000
	$ 256,113,000	$ 256,170,000

The accompanying introductory notes and notes to financial statements are an integral part of these balance sheets.

GREATE BAY HOTEL AND CASINO, INC.
(a wholly owned subsidiary of Pratt Casino Properties, Inc.)

BALANCE SHEETS

LIABILITIES AND SHAREHOLDER'S EQUITY

	March 31, 1992 (Unaudited)	December 31, 1991
Current Liabilities:		
Short-term credit facilities	$ 8,000,000	$ 8,000,000
Current maturities of long-term debt	13,717,000	5,578,000
Accounts payable	7,717,000	6,321,000
Accrued liabilities -		
Salaries and wages	3,879,000	3,904,000
Progressive jackpot	4,459,000	4,139,000
Interest	2,491,000	2,009,000
Other	8,324,000	8,119,000
Due to affiliates	8,933,000	7,782,000
Other	3,553,000	4,363,000
Total current liabilities	61,073,000	50,215,000
Long-Term Debt	177,323,000	186,791,000
Due to Affiliate	4,925,000	5,215,000
Commitments and Contingencies		
Shareholder's Equity:		
Common stock, no par value; authorized 2,500 shares; issued and outstanding 100 shares	3,500,000	3,500,000
Additional paid-in capital	6,538,000	6,538,000
Retained earnings	2,754,000	3,911,000
Total shareholder's equity	12,792,000	13,949,000
	$ 256,113,000	$ 256,170,000

The accompanying introductory notes and notes to financial statements are an integral part of these balance sheets.

GREATE BAY HOTEL AND CASINO, INC.
(a wholly owned subsidiary of Pratt Casino Properties, Inc.)

STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,	
	1992	1991
Revenues:		
Casino	$ 56,981,000	$ 50,230,000
Rooms	2,320,000	2,369,000
Food and beverage	7,471,000	6,239,000
Other	950,000	710,000
	67,722,000	59,548,000
Less - Promotional allowances	(6,718,000)	(5,538,000)
Net revenues	61,004,000	54,010,000
Expenses:		
Casino	41,369,000	37,259,000
Rooms	782,000	914,000
Food and beverage	2,143,000	1,736,000
Other	1,046,000	637,000
General and administrative	7,070,000	6,842,000
Depreciation and amortization	4,269,000	4,483,000
Losses on obligatory investments	397,000	560,000
Interest, net of interest income	5,321,000	5,528,000
Total expenses	62,397,000	57,959,000
Loss before income taxes	(1,393,000)	(3,949,000)
Income tax benefit	236,000	1,310,000
Net loss	$ (1,157,000)	$ (2,639,000)

The accompanying introductory notes and notes to financial statements are an integral part of these statements.

GREATE BAY HOTEL AND CASINO, INC.
(a wholly owned subsidiary of Pratt Casino Properties, Inc.)

STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31, 1992	Three Months Ended March 31, 1991
OPERATING ACTIVITIES:		
Net loss	$ (1,157,000)	$ (2,639,000)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization, including accretion of debt discount	4,359,000	4,573,000
Provision for doubtful accounts	573,000	890,000
Losses on obligatory investments	397,000	560,000
Deferred income taxes	(317,000)	(495,000)
Increase in arbitration award receivable	(272,000)	(300,000)
Decrease (increase) in accounts receivable	1,761,000	(647,000)
Net increase (decrease) in accounts payable and other accrued liabilities	2,378,000	(137,000)
Net change in other current assets and liabilities	(62,000)	(919,000)
Net change in other noncurrent assets and liabilities	(1,000)	(407,000)
Net cash provided by operating activities	7,659,000	479,000
INVESTING ACTIVITIES:		
Net property and equipment additions	(519,000)	(1,742,000)
Obligatory investments	(82,000)	(125,000)
Proceeds from disposition of assets	-	387,000
Net cash used in investing activities	(601,000)	(1,480,000)
FINANCING ACTIVITIES:		
Net borrowings under line of credit agreements	-	3,000,000
Repayments of long-term debt	(1,419,000)	(152,000)
Net (advances to) borrowings from affiliates	(2,495,000)	3,218,000
Net cash (used in) provided by financing activities	(3,914,000)	6,066,000
Net increase in cash and cash equivalents	3,144,000	5,065,000
Cash and cash equivalents at beginning of period	13,013,000	12,393,000
Cash and cash equivalents at end of period	$ 16,157,000	$ 17,458,000

The accompanying introductory notes and notes to financial statements are an integral part of these statements.

GREATE BAY HOTEL AND CASINO, INC.
(a wholly owned subsidiary of Pratt Casino Properties, Inc.)

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

(1) Organization and business

Greate Bay Hotel and Casino, Inc. ("GBH&C") is a New Jersey corporation and a wholly owned subsidiary of Pratt Casino Properties, Inc. ("Pratt Casino Properties"), a Delaware corporation. GBH&C's principal business activity includes its ownership of the Sands Hotel and Casino in Atlantic City, New Jersey (the "Sands on the Park"). The Sands on the Park is managed by Pratt Casino Management, Inc. ("PCMI"), also a wholly owned subsidiary of Pratt Casino Properties. Substantially all of GBH&C's revenues and net income are attributable to the operations of the Sands on the Park.

Greate Bay Property Funding Corp. ("Funding"), a New Jersey corporation and a wholly owned subsidiary of Pratt Casino Properties, was incorporated on June 29, 1987 for the purpose of borrowing funds through the issuance of $173,030,000 of seven-year nonrecourse first mortgage notes (the "First Mortgage Notes") for the benefit of GBH&C.

(2) Income taxes

GBH&C is included in Pratt's consolidated federal income tax return. Pursuant to agreements between GBH&C, Pratt Casino Properties and Pratt, GBH&C's provision for federal income taxes is based on the amount of tax which would be provided if a separate federal income tax return were filed. Both federal and state income tax provisions or benefits are based upon estimates of the results of operations for the current annual period and reflect the nondeductibility for income tax purposes of certain items, including certain depreciation and amortization expenses. Quarterly income tax provisions or benefits are determined by applying the resulting effective income tax rates to the results of operations for the quarter.

GBH&C paid income taxes of $97,000 and $2,463,000, respectively, during the three month periods ended March 31, 1992 and 1991.

The Financial Accounting Standards Board has issued a new standard on accounting for income taxes. GBH&C anticipates adoption of the new accounting standard and disclosure rules no later than its fiscal year ended December 31, 1993. Adoption of the new accounting standard is not expected to have a material effect on GBH&C's reported financial position or results of operations.

(3) Short-term credit facilities

As of March 31, 1992, GBH&C had a bank line of credit in the amount of $5,000,000, of which $4,000,000 was outstanding. The remaining $1,000,000 was drawn in April 1992. Interest on borrowings under the line of credit is calculated at one percentage point above the prime lending rate of the bank. GBH&C also has a $1,000,000 credit facility with the same bank which is available subject to the bank's review of GBH&C's financial statements.

During April 1992, both credit facilities were extended to April 30, 1993. In connection with the renewals the arbitration award receivable (See Note 5) was pledged as collateral for the $5,000,000 line of credit. Additionally, if the arbitration award is not received by June 30, 1992, the bank will require substitute collateral in order to maintain availability of the line of credit.

Additionally, GBH&C has a separate $4,000,000 revolving line of credit. As of March 31, 1992, $4,000,000 was outstanding on this line of credit. In April 1992 the line of credit was extended to March 29, 1993. In connection with the renewal, GBH&C offered a pledge of the arbitration award receivable similar to the aforementioned bank line of credit. Interest on borrowings under the line of credit is at the London Interbank Offered Rate ("LIBOR") plus 2.625% through September 1992 and LIBOR plus 3.625% to maturity. The line of credit agreement contains numerous restrictive covenants, including the maintenance of certain financial ratios and limitations on additional borrowings.

In April 1992, Pratt Casino Properties arranged a $3,000,000 secured bank credit facility, the proceeds of which were made available to GBH&C for the maintenance of certain required minimum cash balances and, in certain circumstances, for liquidity or other working capital purposes. Amounts borrowed under the facility are secured by an equivalent amount of United States Treasury securities. In connection therewith, certain principal shareholders of Pratt have guaranteed the credit facility and, in certain circumstances, may be required to collateralize amounts borrowed on the facility with their personal assets. Amounts borrowed by GBH&C under this credit facility bear interest at 2% above the treasury securities rate determined on the date of the borrowing and payable on a monthly basis. Unless renewed and extended, the credit facility will expire in April 1993. GBH&C borrowed the full amount of the facility on April 10, 1992.

(4) Long-term debt and pledge of assets

	March 31, 1992	December 31, 1991
11.75% first mortgage notes, due 1994, net of discount of $842,000 and $932,000, respectively (a)	$ 169,631,000	$ 170,658,000
16.5% promissory note, due 1998 (b)	11,200,000	11,200,000
Term loan, due 1993 (c)	8,000,000	8,000,000
Note payable to bank (d)	1,725,000	2,025,000
Other	484,000	486,000
	191,040,000	192,369,000
Less - current maturities	(13,717,000)	(5,578,000)
	$ 177,323,000	$ 186,791,000

(a) On August 6, 1987, GBH&C borrowed $173,030,000 from Funding who issued the First Mortgage Notes. The First Mortgage Notes bear interest at 11.75% per annum, payable monthly; interest only was payable during the first four years. Commencing in August 1991, principal and interest became payable in monthly installments of $2,049,000 based on a 15-year amortization schedule with the unpaid balance of $158,310,000 due during August 1994.

The mortgage indenture contains various provisions that, among other things, restrict the ability of GBH&C to incur additional secured indebtedness, create additional liens on the property or sell the Sands on the Park. Additionally, maintenance of certain cash balances is required, as well as a requirement that a minimum of $5,000,000 be committed annually for property and fixture renewals, replacements and betterments. Substantially all of GBH&C's assets are pledged as collateral and the First Mortgage Notes are guaranteed to the extent of $10,000,000 by Pratt.

(b) The note is payable to an affiliate, bears interest at 16.5% per annum, payable semi-annually in March and September, and matures in March 1998.

(c) In April 1992 the note's maturity was extended to March 1993. The note bears interest at LIBOR plus 2.625% per annum through September 1992, and at LIBOR plus 3.625% per annum through maturity. Interest on the note is payable quarterly and at maturity. The note requires, among other things, that GBH&C maintain certain financial ratios and places restrictions on the amount of new borrowings or increases in existing debt. The loan is collateralized by a first mortgage on the land and improvements which comprise the Sands on the Park administrative offices complex and is guaranteed by Pratt and Pratt Casino Properties.

(d) The note bears interest at one percentage point above the bank's prime lending rate and provides for equal monthly principal payments of $75,000. In April 1992, the terms of the agreement were amended to extend the maturity date to March 1994 and, commencing on June 1, 1992, the interest rate will increase to 1.25 percentage points above the bank's prime lending rate.

Scheduled payments of long-term debt as of March 31, 1992 are:

1992 (9 months)	$ 4,234,000
1993	14,158,000
1994	161,828,000
1995	9,000
1996	10,000
Thereafter	11,643,000
Total	$ 191,882,000

Indebtedness of GBH&C amounting to $18,000,000 consisting of (i) the $8,000,000 term loan and (ii) $10,000,000 of other credit facilities (See Note 3), in addition to indebtedness amounting to $8,951,000 of Pratt will become subject to refinancing or renewal in 1993. GBH&C and Pratt anticipate that they will be able to refinance the debt maturing in 1993 and renew or pay down the credit facilities not refinanced; however, there can be no assurance that such refinancing or renewal will occur or that replacement financing can be obtained, if required.

Substantially all of GBH&C's assets are pledged in connection with its long-term indebtedness. Additionally, these agreements contain certain cross-default provisions, including default on indebtedness by its affiliates.

Funding paid and received interest of $5,029,000 and $5,083,000, for the three month periods ended March 31, 1992 and 1991, respectively. GBH&C paid interest of $5,538,000 and $5,672,000, respectively, for the three month periods ended March 31, 1992 and 1991.

(5) Arbitration Award

In January 1989, the American Arbitration Association issued a determination in favor of GBH&C on its claim against a construction management company for damages due to improper performance in the completion of the renovation of the Sands on the Park during 1983 and 1984. The arbitration award, including interest through January 31, 1989, totaled $14,524,000 and, on July 28, 1989, the Superior Court of New Jersey confirmed this arbitration award into a judgment. Although the construction management company sought reconsideration of the Superior Court's confirmation of the arbitration award, the confirmation of the award into a judgment was reaffirmed. The construction management company filed an appeal of the determination of the Superior Court confirming the arbitration award into a judgment and, in a unanimous opinion dated May 29, 1991, the Appellate Division of the Superior Court affirmed the determination of the Superior Court confirming the arbitration award into a judgment. Although the construction management company's first application for certification addressed to the Supreme Court of New Jersey was denied, the construction management company's application to the Supreme Court of New Jersey for reconsideration was granted as to three (3) specified issues; briefs thereon have been filed, and the New Jersey Supreme Court heard oral arguments on the matter on March 17, 1992. GBH&C believes that the arbitration amount, plus post-judgment interest, will be collected during 1992. In accordance with the New Jersey Rules of Court, the construction management company was required to post a supersedeas bond in the full amount of the award plus projected interest, so as to avoid GBH&C seeking to execute on its judgment against the construction management company during the pendency of the appeal therefrom. Based on the advice of GBH&C's general counsel, GBH&C believes that the likelihood of the award being modified or vacated is remote.

GREATE BAY HOTEL AND CASINO, INC.
(a wholly owned subsidiary of Pratt Casino Properties, Inc.)

NOTES TO FINANCIAL STATEMENTS (Continued)
(Unaudited)

(6) Subsequent Events

On April 1, 1992, GBH&C paid a dividend in the amount of $6,600,000 to its parent.

Recent regulations approved by the New Jersey Casino Control Commission (the "Commission") allow casino licensees to establish time limits for offering progressive slot machine jackpots to customers. Upon the expiration of the stated time limits, and upon providing proper notice to casino customers, casino licensees are afforded certain relief including the reduction or removal of the progressive jackpot from the gaming floor. Accordingly, during April 1992 GBH&C removed certain progressive jackpots from the gaming floor. This will result in the recognition of an approximate $2,000,000 gain to income from operations during April 1992.

On May 14, 1992, the Commission renewed GBH&C's license to operate its casino/hotel in Atlantic City through May 31, 1993. Certain terms of the renewed license require GBH&C to comply with periodic financial reporting requirements as well as obtain prior Commission approval of certain cash transfers to affiliates.

GREATE BAY HOTEL AND CASINO, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

Historically, cash provided by operating activities has provided GBH&C with the cash necessary to meet the Sands on the Park's liquidity requirements. Net cash provided by operating activities for the three month period ended March 31, 1992 amounted to $7.7 million compared to $479,000 in the first three months of 1991. Improvement during the first quarter of 1992 resulted from the implementation during 1991 of several aggressive marketing strategies at the Sands on the Park and from revised regulations allowing additional gaming hours in Atlantic City. Additionally, operating results for the first quarter of 1991 were negatively impacted by a decline in patron volume due to the effects of the Gulf War. See discussion of results of operations.

GBH&C's principal liquidity requirements have consisted of and are expected to include the Sands on the Park's on-going program of capital expenditures for property and equipment additions and improvements, obligatory investments required by the New Jersey Casino Control Act, the scheduled repayment of long-term indebtedness and the payment of dividends.

GBH&C spent approximately $500,000 on capital additions and improvements for the Sands on the Park facility during the first three months of 1992, primarily for departmental equipment. Management anticipates that capital expenditures for various projects during the remainder of 1992 will approximate $6.7 million. Such planned expenditures include the renovation of selected Plaza Club suites and conversion of vacated office space located in the Sands on the Park's hotel tower into additional guest rooms.

Since 1989, GBH&C has contributed certain amounts held in escrow to the Casino Reinvestment Development Authority (the "CRDA"). In consideration thereof, the CRDA has granted GBH&C waivers of certain of its investment obligations, thereby reducing GBH&C's investment deposit obligations. Such waivers have been amortized based on the related casino revenues and, as of March 31, 1992, the remaining unamortized portion of the waivers is $156,000. As a result, GBH&C's deposit requirements for the first quarter of 1992 totaled $82,000; however, due to the expiration of the waiver's granted to GBH&C in prior years, management anticipates that deposit requirements for the remainder of 1992 will be approximately $2.2 million.

During 1991, GBH&C reached an agreement with the CRDA to contribute future deposits totaling $1.8 million to a hospital in Atlantic City for use in the construction of its Trauma Unit. The amount to be contributed will be deposited with the CRDA, on a quarterly basis, at which time GBH&C will be granted a waiver of $912,000 toward its future obligatory investments. Such waiver will be charged to operations based upon the related casino revenues during 1993.

GBH&C has a $5 million bank line of credit on which $4 million was outstanding as of March 31, 1992. The remaining $1 million was drawn in April 1992. GBH&C also has a $1 million credit facility with the same bank which is available subject to the bank's review of GBH&C's financial statements. Both bank credit facilities are guaranteed by Pratt Casino Properties. Subsequent to year end, both the line of credit and the additional credit facility were renewed and their maturities were extended to April 30, 1993. In connection with the renewals the arbitration award receivable (discussed below) was pledged as collateral for the $5 million bank line of credit. Additionally, if the arbitration award is not received by June 30, 1992, the bank will require substitute collateral in order to maintain availability of the line of credit. In addition, GBH&C established a $4 million revolving line of credit during 1990 to meet short-term cash needs and, as of March 31, 1992, had fully borrowed on the line of credit for such purposes. Subsequent to March 31, 1992, this additional line of credit was extended to March 29, 1993. In connection with this renewal, GBH&C offered a pledge of the arbitration award receivable.

In April 1992, Pratt Casino Properties arranged a $3 million secured bank credit facility, the proceeds of which were made available to GBH&C for the maintenance of certain required minimum cash balances and, in certain circumstances, for liquidity or other working capital purposes. Amounts borrowed under the facility are secured by an equivalent amount of United States Treasury securities. In connection therewith, certain principal shareholders of Pratt have guaranteed the credit facility and, in certain circumstances, may be required to collateralize amounts borrowed on the facility with their personal assets. Amounts borrowed by GBH&C under this credit facility bear interest at 2% above the treasury securities rate determined on the date of the borrowing and payable on a monthly basis. Unless renewed and extended, the credit facility will expire in April 1993. GBH&C borrowed the full amount of the facility on April 10, 1992.

On May 15, 1992, PRT Corporation ("PRT"), a Delaware holding company beneficially owned by the principal shareholders of Pratt, merged with PBC, Inc., a company with similar beneficial ownership. In addition, PRT completed a private placement transaction (the "Transaction") which resulted in PRT owning 80.5% of the common stock of Pratt and in the issuance of $90 million of 14% senior secured notes due in April 1998 along with warrants to acquire 342,857 shares of the non-voting Class B Common Stock of PRT.

Approximately $17 million of the proceeds from the Transaction have been set aside to provide an additional source of liquidity for Pratt and its subsidiaries.

In a unanimous opinion dated May 29, 1991, the Appellate Division of the Superior Court of New Jersey reaffirmed an arbitration award into a judgment in favor of GBH&C (See Note 5 of Notes to Financial Statements). An application for reconsideration was granted in November 1991 by the Supreme Court of New Jersey as to three specific items; briefs thereon have been filed and oral arguments were heard on March 17, 1992. Although a final determination has not been made, management of GBH&C believes that the arbitration award, plus post-judgment interest, will be collected during 1992. The award and interest thereon as of March 31, 1992, amounted to approximately $18 million. GBH&C expects to realize approximately $10.4 million after payment of all related taxes and other costs. As noted above, these proceeds have been pledged to secure certain of GBH&C's credit facilities.

GBH&C repaid scheduled maturities of long-term debt amounting to $1.4 million during the first three months of 1992. Scheduled maturities of long-term debt for the remainder of 1992 are approximately $4.2 million. GBH&C's indebtedness imposes significant interest expense and principal repayment obligations over the next several years, many of which must be refinanced. During 1994, debt maturity obligations total $162 million, consisting primarily of principal payments due on the 11.75% First Mortgage Notes of Greate Bay Property Funding Corp. (the "First Mortgage Notes"). Consistent with its overall business strategy, GBH&C anticipates that similar first mortgage financing will be available to replace the existing mortgages at their maturity in 1994. The First Mortgage Notes require the maintenance of a minimum of $10 million average daily balance of cash and cash equivalents over any two consecutive calendar months and a minimum of $5 million average daily balance over any consecutive five day period.

GBH&C has advanced monies to its parent, Pratt Casino Properties or certain of its subsidiaries, and Pratt or certain of its subsidiaries have advanced monies to GBH&C primarily for working capital purposes. In this regard, GBH&C made net advances to Pratt Casino Properties or its subsidiaries aggregating $2.5 million during the first three months of 1992.

In April 1992, GBH&C paid dividends amounting to $6.6 million to its parent. Additional dividends may be required in future periods in order for its parent to meet its liquidity requirements.

Management anticipates that future liquidity requirements of GBH&C will be funded from existing cash and from cash generated by the operations of the Sands on the Park. GBH&C anticipates the continued utilization of its lines of credit and borrowings from affiliates to fund seasonal and other short-term cash needs.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

RESULTS OF OPERATIONS

Historically, GBH&C's gaming operations have been highly seasonal in nature, with the peak activity occurring from May to September. Consequently, the results of GBH&C's operations for the first and fourth quarters are traditionally less profitable than the other quarters of the fiscal year. In addition, GBH&C's gaming operations may fluctuate significantly due to a number of factors, including chance. Such fluctuations may materially affect casino revenues and profitability.

The following table sets forth certain unaudited financial and operating data relating to the Sands on the Park's operations:

	Three Months Ended March 31,	
	1992	1991
Table games:		
Gross Wagering (drop)*	$ 156,208,000	$ 148,612,000
Revenues	$ 25,957,000	$ 22,086,000
Hold Percentages:**		
Sands on the Park	16.6%	14.9%
Atlantic City Casino Gaming Industry	16.8%	15.6%
Slot machines:		
Gross Wagering (handle)*	$ 310,077,000	$ 260,746,000
Revenues	$ 31,024,000	$ 28,144,000
Hold Percentage: **		
Sands on the Park***	10.0%	10.8%

* Gross wagering consists of the total number of chips purchased for table games (drop) and coins wagered in slot machines (handle).

** Casino Revenues consist of the portion of gross wagering that a casino retains and, as a percentage of gross wagering, is referred to as the "hold percentage".

*** The Sands on the Park's hold percentage with respect to slot machines is reflected on an accrual basis. Comparable data for the Atlantic City gaming industry is not available.

GROSS WAGERING - Table games drop increased $7.6 million (5.1%) and slot machines handle increased $49.3 million (18.9%) in the first quarter of 1992 compared to the same period in 1991. The increase in casino volume has been due, in part, to the implementation in July 1991 of revised regulations permitting 24-hour gaming on weekends and holidays in Atlantic City. Also, premier headliner entertainment during the first quarter of 1992 had a positive impact on both table games and slot machines gross wagering. Additionally, the 1991 first quarter was negatively impacted by the Gulf War.

The increase in first quarter 1992 table games gross wagering is also attributable to aggressive marketing programs aimed at high frequency players. During 1991, the Sands on the Park implemented its new table games monitoring system which resulted in significant improvement in the accuracy and speed of customer ratings, increased customer recognition and enhanced control of complimentaries.

The increase in first quarter 1992 slot machines gross wagering is also attributable to the success of marketing systems and promotions programs aimed at developing a base of loyal, high frequency slot customers; to the popularity of recent innovations in slot play, such as slot machines linked together in a group to pay a pooled jackpot and more attractive gaming machines; and to the increase in play associated with higher denomination slot machines.

REVENUES - Casino revenues increased $6.8 million (13.4%) during the first quarter of 1992 over the comparable period in 1991. This increase is a result of increases in both table games and slot machines gross wagering. The table games revenue increase of $3.9 million (17.5%) reflects the increase in gross wagering coupled with the increase in the hold percentage from 14.9% in the first quarter of 1991 to 16.6% in the first quarter of 1992.

Slot machines revenues increased $2.9 million (10.2%) in the first quarter of 1992 over the same period in 1991. The overall increase is due to the increase in gross wagering offset somewhat by the decrease in the slot machines hold percentage from 10.8% in the first quarter of 1991 to 10% in the first quarter of 1992. The decrease in the slot machines hold percentage is primarily attributable to increased play at higher denomination machines, which tend to pay out more frequently, and reflects an industry-wide trend in hold percentages as Atlantic City casinos compete to attract premium, high frequency slot patrons.

Food and beverage revenues for the first quarter of 1992 increased $1.2 million (19.8%) over the first quarter of 1991. The increase is due to the additional patron volume in 1992 and to the opening of a new restaurant at the Sands on the Park during the latter part of March 1991. Revenues for the first quarter of 1991 were not significantly impacted by this opening. Other revenues increased $240,000 (33.8%) due to premier headliner entertainment scheduled during the first quarter of 1992 compared with the first quarter of 1991.

Promotional allowances represent the retail value of complimentary goods and services provided to casino customers under various marketing programs. These allowances, as a percentage of rooms, food and beverage and other revenues have increased to 62.5% during the first three months of 1992 from 59.4% during the like period of 1991, reflecting the increased utilization of package plan promotions and complimentaries to reward high frequency customers.

DEPARTMENTAL EXPENSES - Departmental expenses consist of expenses for casino operations, rooms, food and beverage and other casino/hotel operating expenses, including promotional expenses, insurance and casino gaming taxes.

Casino expenses increased $4.1 million (11%) in the first quarter of 1992 over the comparable period in 1991. This increase results from the increase in casino volume which has resulted from a combination of improved economic conditions during the first three months of 1992 and from management's efforts to provide additional customer service. This enhancement in customer service has increased direct casino expenses as well as complimentaries, the cost of which is allocated to the casino department.

Rooms expense decreased $132,000 (14.4%) during the first three months of 1992 compared to the same period in 1991 primarily due to the increased allocation of complimentary rooms expenses to the casino department. The increase in food and beverage expenses of $407,000 (23.4%) for the first quarter of 1992 over the first quarter of 1991 reflects the increase in both food and payroll costs resulting from the increase in patron volume and extended hours of operation. However, the increase in costs has been partially offset by increases in the allocation of food and beverage complimentaries to the casino department. Other expenses increased $409,000 (64.2%) during the first quarter of 1992 compared to the same period in 1991 primarily due to an increase in entertainment costs associated with premier headliner entertainment.

LOSSES ON OBLIGATORY INVESTMENTS - The decrease of $163,000 (29.1%) in losses on obligatory investments during the first quarter of 1992 as compared to the first quarter of 1991 is due to the expiration of certain prior waivers granted by the Casino Reinvestment Development Authority which were being amortized.

PROVISION FOR INCOME TAXES - GBH&C is included in Pratt's consolidated federal income tax return. Pursuant to an agreement between GBH&C, Pratt Casino Properties and Pratt, GBH&C's provision for federal income taxes is based on the amount of tax which would have been provided if a separate return were filed. The federal and state tax provisions are calculated at the anticipated effective rate for the entire year and recognize the nondeductibility for tax purposes of certain items, including certain depreciation and amortization expenses.

GBH&C has not adopted the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." Adoption of the requirements of the Statement, presently anticipated in 1993, is not expected to have a material effect on financial position, results of operations or liquidity.

INFLATION - Management believes that in the near term, modest inflation, along with continued competition within the gaming industry for qualified and experienced personnel, will continue to pressure all operating expenses, particularly labor and employee benefits costs.

PART II: OTHER INFORMATION

The registrant did not file any reports on Form 8-K during the quarter ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GREATE BAY PROPERTY FUNDING CORP.
Registrant

DATE: May 19, 1992

Charles F. LaFrano, III
Vice President and
Principal Financial Officer

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Q- 34860

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FORM 10-Q

MAY 19 1992
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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Quarterly Report Under Section 13 or 15(d) of the
Securities and Exchange Act of 1934

J92.2238

For Quarter Ended: March 31, 1992 **Registration File No.** 33-26763-FW

Exact name of registrant as specified in its charter:

INTERNATIONAL STANDARDS GROUP, LIMITED

630

State of Incorporation: Delaware

IRS Employer ID No.: 75-2274730

Address of Principal Executive Office:

Potomac Trail Building
3200 North Military Trail, Suite
Boca Raton, Florida 33431

PROCESSED BY
MAY 21 1992
Microfilmed by
Q-Data Corp. - St. Petersburg, FL

Telephone No: (407) 997-5880

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities and Exchange Act of 1934 during the preceding 12 months (of for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements in the past 90 days:

☒ Yes ☐ No

The issuer has 5,243,379 shares of common stock outstanding as of March 31, 1992.

PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements:

BEST COPY
AVAILABLE

INTERNATIONAL STANDARDS GROUP, LIMITED

CONSOLIDATED BALANCE SHEET

ASSETS

	December 31, 1991	March 31, 1992 (Unaudited)
CURRENT ASSETS:		
Cash and cash equivalents	* $ 332,784	$ 527,674
Prepaid expenses and other current assets	69,581	108,414
Total current assets	402,365	636,088
FURNITURE AND EQUIPMENT, net of accumulated depreciation of $20,082 and $6,224 in 1991 and 1992	98,923	106,049
OTHER ASSETS:		
Land and building held for resale, net of accumulated depreciation of $132,679 and $32,812 in 1991 and 1992	4,067,321	4,034,509
Intangible assets, net of accumulated amortization of $9,597 and $2,154 in 1991 and 1992	38,227	36,073
Other	11,772	62,815
Total other assets	4,117,320	4,133,397
Total assets	$ 4,618,608	$ 4,875,534

LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)

	December 31, 1991	March 31, 1992
CURRENT LIABILITIES:		
Notes payable and current portion of long-term debt, including amounts due to related parties of $65,000 in 1991	$ 133,947	$ 68,947
Accounts payable	48,369	32,774
Accrued expenses	47,705	41,910
Due to stockholders	519,495	519,495
Total current liabilities	749,516	663,126
LONG-TERM DEBT	1,022,259	973,896
COMMITMENTS AND CONTINGENCIES (Notes 2 and 5)		
SHAREHOLDERS' EQUITY (DEFICIT):		
Preferred stock, $.00001 par value, 10,000,000 shares authorized, no shares issued and outstanding	--	--
Common stock, $.00001 par value, 100,000,000 shares authorized, 5,656,899 and 2,737,169 shares issued	57	57
Additional paid-in capital	5,268,825	5,671,711
Treasury stock, 700,000 common shares, at cost	--	--
Accumulated deficit	(2,422,049)	(2,433,256)
Total shareholders' equity (deficit)	2,846,833	3,238,512
Total liabilities and shareholders' equity (deficit)	$ 4,618,608	$ 4,875,534

See accompanying notes to financial statements.

INTERNATIONAL STANDARDS GROUP, LIMITED

CONSOLIDATED STATEMENTS OF LOSS
(UNAUDITED)

	Three Months Ended March 31, 1992	Three Months Ended March 31, 1991
REVENUES	$ 233,930	$ 60,121
EXPENSES:		
General and administrative	(187,402)	(87,911)
Depreciation and amortization	(40,590)	(18,747)
Interest	(17,505)	(12,251)
Non-recurring expenses	(--)	(25,000)
Net loss	$ (11,207)	$ (83,788)
NET LOSS PER SHARE	$ (--)	$ (--)
SHARES USED IN COMPUTATION	5,243,379	36,475,000

See accompanying notes to financial statements.

INTERNATIONAL STANDARDS GROUP, LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended March 31, 1992	Three Months Ended March 31, 1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (11,207)	$ (83,788)
Adjustments to reconcile net loss accumulated to net cash used in operating activities -		
Depreciation and amortization	40,590	18,747
Increase in prepaid expenses and other current assets	(38,833)	(60,923)
Decrease (increase) in tangible & other assets	(48,889)	648
Increase (decrease) in accrued expenses	(21,390)	170,225
Net cash principal (used in) operating activities	(79,729)	44,909
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(7,126)	(148,131)
Investment in subsidiaries	--	(682,273)
Net cash (used in) investing activities	(7,126)	(830,404)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment from notes payable/FSG	--	(217,698)
Net proceeds from issuance of stock	395,108	1,406,002
Purchase of subsidiaries	--	(450,000)
Increase (decrease) in notes payable	(113,363)	112,410
Net cash provided by (used in) financing activities	281,745	850,714
INCREASE (DECREASE) IN CASH	194,890	65,219
CASH, beginning of period	332,784	18,696
CASH, end of period	$ 527,674	$ 83,915
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid	17,505	--
Federal Income Tax paid	--	--
ISSUANCE OF STOCK IN CONNECTION WITH PURCHASE OF SUBSIDIARY	--	6,131,451

See accompanying notes to financial statements.

INTERNATIONAL STANDARDS GROUP, LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1991 AND MARCH 31, 1992 (UNAUDITED)

(1) GENERAL:

The accompanying financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. The Company believes that the disclosures made herein are adequate to make the information presented not misleading. In the opinion of management, all adjustments necessary to a fair statement of the results of operations for the periods presented have been made.

International Standards Group, Limited, through its wholly-owned subsidiary, Financial Standards Group, Inc. ("FSGI"), was organized to assist credit unions and their supervisory committees in performing comprehensive or internal regulatory compliance audits in satisfaction of their statutory requirements and to provide related internal auditing, accounting and managerial advisory services to credit unions. Credit unions are required under the Federal Credit Union Act and various state statutes to undertake a comprehensive internal annual audit and submit a report of that audit to its Board of Directors and a summary of the report to its membership at the ensuing annual meeting of the credit union membership. There is no statutory requirement that the annual audit be a certified audit, which must be performed by a Certified Public Accountant in accordance with generally accepted auditing standards as published by the American Institute of Certified Public Accountants and which results in an issuance of financial statements. A comprehensive internal audit, which does not involve expression of an opinion or result in the issuance of financial statements, need not be performed by a CPA and ordinarily can be accomplished in significantly less time and for less cost than a certified audit, thereby making it feasible and cost effective to the many smaller credit unions in existence.

The Company also owns a commercial warehouse facility in Mount Vernon, Ohio, which is 45 miles northeast of Columbus, Ohio and consists of 660,551 square feet of industrial manufacturing warehouse facilities on a 61-acre site. The property is comprised of an assemblage of 5 buildings consisting of up to three-story brick, concrete and metal structures as well as various smaller detached improvements. As of March 31, 1992, the facility was approximately 18% leased and includes various major corporate tenants including Power & Control Systems and Weyerhauser Paper. Current leases for such facility extend between June 1992 and September 2001, and currently monthly rentals aggregate to approximately $18,200, which at the present time represents a minimum positive cash flow for the Company of approximately $3,000 per month.

The Company was organized under the laws of the State of Delaware on October 12, 1988 under the name Exaltistics, Inc. as a "blind pool" or "blank check" to seek acquisition possibilities. Effective February 6, 1989, the Company's principal stockholder, Texas American Group, Inc., issued a stock dividend or "spin-off" to its stockholders 158,573 shares of its Common Stock pursuant to a Registration Statement on Form S-18 filed with the Securities and Exchange Commission which became effective on February 28, 1989. Until January 15, 1991, the Company was a development stage company and had no operating history.

On January 15, 1991, the Company acquired all of the capital stock of FSGI from the stockholders of FSGI pursuant to a stock purchase agreement. FSGI conducts business under its present name as a wholly-owned subsidiary of the Company.

Effective January 16, 1991, the Company acquired all of the capital stock of Mount Vernon Distribution Center, Inc., which held certain real properties consisting of a commercial warehouse facility in Mount Vernon, Ohio, pursuant to a stock purchase agreement.

Effective April 27, 1992, the Company's Board of Directors authorized a one-for-ten reverse stock split of the Company's Common Stock which resulted in the reduction of the Company's outstanding shares to approximately 5,243,379 shares of Common Stock. Simultaneously therewith, the Company, acting through its Board of Directors, approved an amendment to the Company's Certificate of Incorporation in order to reduce the authorized Common Stock from 100,000,000 shares to 20,000,000 shares of Common Stock with the par value remaining at $.00001 per share. The Company is in the process of obtaining approval by the holders of a majority of its outstanding shares of Common Stock for such proposed amendment. All transactions described herein have been adjusted to give effect to such one-for-ten reverse stock split.

In the opinion of management, the accompanying unaudited financial statements as of March 31, 1992 contain all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the financial position of the Company as of March 31, 1992, and the results of operations and cash flows for the three months ended March 31, 1992.

(2) SIGNIFICANT ACCOUNTING POLICIES:

Principles of Consolidation -

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries FSGI, Mount Vernon and Premium Discount Services, Inc. All significant intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents -

For purposes of the consolidated statements of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Intangible Assets -

Intangible assets include organizational costs and purchased mail lists which are being amortized over a five year period.

Net Loss Per Share -

Net loss per share has been computed by dividing net loss by the average number of common and common equivalent shares outstanding, and after application of the treasury stock method.

(3) COMMON STOCK:

The Company is unaware of an active trading market for its Common Stock at the present time or during any past period since the registered "spin-off" to its stockholders on February 28, 1989. Accordingly, no quotations for its Common Stock are provided hereafter.

As of March 31, 1992, the Common Stock was held by approximately 4,890 stockholders of record.

The Company presently intends to retain future earnings, if any, to finance the expansion of its business and does not anticipate that any cash dividends will be paid in the foreseeable future other than with respect to any of its preferred stock if they should be subsequently issued. Future dividend policy will depend on the Company's earnings, capital requirements, financial conditions, and other relevant factors.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations:

Results of Operations -

Prior to the acquisition of FSGI on January 15, 1991 and the Mount Vernon Distribution Center on January 16, 1991, the Registrant was not engaged in significant operations. From the inception of the Company (formerly Exaltistics, Inc.) on October 12, 1988 through the fiscal year ending December 31, 1990, management's primary emphasis was on organizing the Company, preparing and completing the registered distribution of the shares of the Company by Texas American Group, Inc. and investigating prospective business opportunities and acquisitions for the Company. The cost attributable to these activities, professional fees and general and administrative expenses constituted substantially all of the expenses of the Company from inception through December 31, 1990.

In January 1991, the Company completed the acquisitions of FSGI and Mount Vernon Distribution Center, Inc. for stock and cash as described hereafter. Between January 16, 1991 and March 15, 1991, the Company entered into agreements or preliminary contracts for the acquisition of Eau Gallie Properties, Inc., Bibbins & Rice Electronics, Inc., Rice Electronics, Inc. and Iroquois Brands, Ltd., which agreements and preliminary contracts were subsequently either rescinded in accordance with the terms of such agreements or not consummated. The Company chose not to undertake or consummate such transactions based on its desire to preserve cash resources and recognition by management that it did not possess sufficient financial capacity or managerial and administrative personnel to effectively fund and conduct the operations of such entities. Although the Company incurred significant one time expenses of approximately $100,000 relevant to such transactions, the Company was able to substantially reduce projected cash outlays that would have been required in order to sustain operations of such entities.

For the year ended December 31, 1991, the Company had total revenues, including rental income, of $139,526 substantially all of which were attributable to rental payments received from the Mount Vernon Distribution Center which provides commercial warehouse facilities that were approximately 18% leased as of the end of the 1991 fiscal year. Present leases for such facility extend between June 1992 and September 2001, and current monthly rentals aggregate approximately $18,200 which at the present time represent a positive cash flow for the Company of approximately $3,000 per month. The Company had no revenues for its 1990 fiscal year inasmuch as it had no active operations prior to the acquisitions previously described. The Company's FSGI subsidiary, which is engaged in the provision of comprehensive or internal regulatory compliance audits and managerial advisory services for credit unions and their supervisory committees, conducted only preliminary activities during 1991 and did not contribute any revenues until commencing in December 1991. For the year ended December 31, 1991, the Company had a loss from operations of $1,432,884 comprised primarily of selling, general and administrative expenses aggregating $1,419,491. Such selling, general and administrative expenses consisted primarily of $140,000 for various expenses associated with maintenance, removal of liens and discharge of foreclosure proceedings for the Mount vernon Distribution Center; $240,000 attributable to the Company in connection with the issuance of 120,000 shares of Common Stock of the Company to a member of the Company's Board of Directors and an officer of FSGI; $147,783 for various organizational expenses relating to the development of operations, payments for corporate headquarters and payments and expenses associated with acquisitions made or not consummated; $109,518 for various consulting services provided and contracted for by the Company; approximately $250,000 for salaries and related benefits for employees; $113,139 for payment of professional fees; $100,000 to rescind the transaction referred to above; approximately $60,000 for marketing and sales; $59,997 for facilities rentals; and $40,642 for insurance. Portions of such expenses were of a non-recurring nature particularly those associated with the Mount Vernon Distribution Center as well as organization expenses and costs associated with acquisitions made or undertaken but not consummated.

During the last quarter of the 1991 fiscal year and the first quarter of the 1992 fiscal year, FSGI entered into contracts with several state credit union leagues for the provision of comprehensive or internal auditing services and expects to enter into several additional contracts with various other credit union leagues and credit unions prior to the end of 1992. FSGI began accruing revenues from such operations in December 1991 and was operating on a positive cash flow basis at March 31, 1992. However, there can be no assurances that the Company will continue to have a positive cash flow for the rest of the 1992 fiscal year. The total revenue for the three months ending March 31, 1992 was approximately $234,000 compared to approximately $60,000 for the same period last year. This increase was due to revenue from auditing contracts by FSGI. It is anticipated that this area of revenue will continue to grow significantly during 1992.

The total revenue for the three months ending March 31, 1992 was approximately $234,000 compared to approximately $60,000 for the same period last year. This increase was due to revenue from auditing contracts by FSGI. It is anticipated that this area of revenue will continue to grow significantly during 1992.

Liquidity and Capital Resources -

During the period from the Company's inception on October 12, 1988 through January 15, 1991, the Company was principally engaged in organizational activities, preparing and completing the Company's registered stock distribution and investigating prospective business opportunities in which to participate. The registered distribution was completed on February 28, 1989, although the Company received no proceeds from this distribution. On January 15, 1991, the Company acquired all of the capital stock of FSGI from the stockholders of FSGI pursuant to a Stock Purchase Agreement. In consideration for the acquisition, an aggregate of 1,100,000 shares of the Company's Common Stock was issued to the stockholders of FSGI, and the Company became obligated to pay such stockholders on demand an aggregate of $250,000. Of such amount, $231,250 is owed to the Chief Executive Officer of the Company.

Effective January 16, 1991, as subsequently modified on March 29, 1991, the Company acquired all of the capital stock of Mount Vernon Distribution Center, Inc., which owned and operated a commercial warehouse facility and related lad parcels in Mount Vernon, Ohio. The stock purchase was consummated in exchange for 750,000 shares of the Company's Common Stock, a cash payment of $450,000 and assumption of a mortgage on such facilities and other obligations relative to the administration of such facilities in the aggregate amount of approximately $800,000. The Mount Vernon Distribution Center is a commercial warehouse in Mount Vernon, Ohio and consists of 660,551 square feet of industrial manufacturing warehousing facilities on a 61-acre site. The property is comprised of an assemblage of 5 buildings, and as of December 31, 1991, the facility was approximately 18% leased and included various major corporate tenants. Current leases for such facility extend between June 1992 and September 2201, and current monthly rentals aggregate approximately $18,200, which at the present time represents a positive cash flow to the Company of approximately $3,000 per month. On December 11, 1992, the Company restructured the loan arrangement for such facility with Bank One, Mansfield pursuant to which pending foreclosure proceedings with respect to such property was discontinued. The restructured loan is for approximately $730,928 for a 10-year term with interest at 10% per annum payable in monthly installments of principal and interest of $9,659 which commenced on January 11, 1992. The Company is current in its payments to such lender.

Mount Vernon Distribution Center is presently listed for sale at $4,200,000 and the Company has been negotiating with a prospective developer of a 5,000,000 square foot ethanol plant for the purchase of this property. The developer has expressed its intention to complete the purchase of approximately 2,100 acres in Mount Vernon, Ohio and has indicated that it wishes to acquire the Mount Vernon Distribution Center facility after the surrounding acreage has been purchased. The Company still considers such negotiations to be of a preliminary nature and is unable to predict whether more serious discussions will ensue relative to the possible acquisition of the Mount Vernon property.

The Company's FSGI subsidiary began undertaking arrangements for the performance of comprehensive or internal regulatory compliance auditing services toward the end of the 1991 fiscal year and has commenced providing such auditing services under the auspices of the Kentucky, Arkansas, Michigan and Hawaii credit union leagues. In addition, the Company is in final negotiation stages with credit union leagues from several other jurisdictions which are expected to be consummated and provide additional revenues during 1992. The Company's comprehensive or internal regulatory compliance audits are generating positive cash flow for the Company which is expected to increase during the remainder of the 1992 fiscal year. The Company is seeking controlled growth of its auditing services until such time as it has recruited sufficient auditing and administrative personnel to effectively administer its comprehensive or internal regulatory auditing program.

At December 31, 1991, the Company had cash on hand of $332,784 as compared to cash of $18,696 at December 31, 1990 prior to the acquisition of FSGI and Mount Vernon Distribution Center, Inc. At December 31, 1991, the Company had a working capital deficit of $347,151 representing a ratio of current assets to current liabilities of approximately .54. Of this amount, $500,745 was payable upon demand to the Company's Chief Executive Officer, and $65,000 was payable to the Company's Vice Chairman. In January 1992, $25,000 of the obligation due to the Vice Chairman was retired, and in march 1992, the remaining principal and interest owing to the Vice Chairman was satisfied through issuance by the Company of 17,626 shares of its Common Stock. Long term debt outstanding of $1,022,259 at December 31, 1991 consisted of approximately $730,928 payable to Bank One, Mansfield relating to the Mount Vernon Distribution Center, and approximately $300,000 represented a term loan due to an unaffiliated business associate of the Company's Chief Executive Officer which is due May 1996 together with interest at the annual rate of 14% payable monthly during the remaining term of the loan.

The Company's cash flow requirements during 1991 have been satisfied through various loans, advances by management and business associates of management, acquisition of capital stock by members of management, friends and family of management and by private placements of the Company's equity securities to various investors. In the course of the Company's 1991 fiscal year, Mr. Lents advanced various sums of money to the Company in order to sustain its working capital. The highest principal amount of such advances amounted to approximately $750,000. At march 31, 1992, the Company was obligated to Mr. Lents for $500,745 which is payable on demand. The Company's average interest rate payable in respect to such advances was approximately 10.75% which corresponds with the interest charges incurred by Mr. Lents with various banking institutions and other sources for loans made to Mr. Lents which were, in turn, advanced to the Company. In addition, during the Company's 1991 fiscal year, Mr. Anthony J. Piedimonte, the Company's Vice Chairman of the Board, made periodic advances of funds to the Company, with the highest principal amount outstanding to the Company amounting to $65,000, which amount was retired or exchanged for Common Stock of the Company subsequent to December 31, 1991. Mr. Piedimonte also advanced an aggregate of $240,000 to Mr. Lents during 1991, which, in turn, were loaned by Mr. Lents to the Company. Mr. Lents subsequently received personal loans from various banking institutions which were used to retire such advanced from Mr. Piedimonte to Mr. Lents.

As of March 31, 1992, the Company had cash on hand of approximately $527,000. The Company has no material commitments for capital expenditures for 1992 except for the funding of FSGI's branch office facilities which are estimated to be approximately $30,000 per unit and which are expected to be funded from operating revenues, cash on hand and possibly through credit lines secured by the Company. The Company believes that its cash flow and working capital position should continue to improve during 1992 as the Company obtains more auditing contracts and existing contracts become profitable. Management estimates that the Company will be able to undertake a minimum of 1,000 audits during 1992 which will generate sufficient revenues and working capital for purposes of conducting and expanding operations during the year. As previously indicated, the Company has listed its Mount Vernon Distribution Center facility for sale at $4,200,000. The listing price was determined in conjunction with the recommendation of its listing agent. While there can be no assurances that the Company's facility will be acquired during the current fiscal year or subsequently by the aforementioned developer or any other party, the Company believes such facility remains commercially viable and a sources for additional financing if for any reason the Company requires additional funds in order to meet ongoing operating requirements. The Company is also in the process of securing lines of credit with several banks that have advanced funds to the Company or its principal executive officer since January 1, 1991. In the past, the Company has been able to secure funds from certain of the Company's management and their families and business associates as required. Management believes that funds from these sources will continue to ben available for amounts up to $500,000 if needed for expansion or working capital purposes. Accordingly, the Company believes that funds generated from operations and, if required, from previous sources of financing will be sufficient to enable the Company to finance its continuing operations and business expansion in 1992 and 1993.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1991 AND MARCH 31, 1992 (UNAUDITED)

PART II - OTHER INFORMATION

ITEMS 1-6

There are no reportable events or transactions that would be included under this part.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned as both a duly authorized officer and as the chief financial officer of the Registrant.

INTERNATIONAL STANDARDS GROUP, Ltd.
(Registrant)

DATE: 5/19/92

By: ______________________
Joseph L. Lents,
President and
Chief Executive Officer
of Registrant

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)
[X] **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended January 31, 1992

OR

[ ] **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission file number ~~33-36390-C~~ 0-19817

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MACGREGOR SPORTS AND FITNESS, INC.
(Exact name of registrant as specified in its charter)

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Q-Data Corp. - St. Petersburg, FL

Minnesota
(State or other jurisdiction
of incorporation or organization)

41-1652566
(I.R.S. Employer
Identificat

324 Standing Springs Court, Simpsonville, SC 2968
(Address of principal executive office) (Zip Code)

(803) 963-8200
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such report(s), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

Applicable Only to Corporate Issuers:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 6,366,483 common shares, par value $.02 per share, outstanding at March 13, 1992.

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MACGREGOR SPORTS AND FITNESS, INC.

AND SUBSIDIARY

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Part I. Financial Information

Item 1. Financial Statements

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MACGREGOR SPORTS AND FITNESS, INC.

AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

JANUARY 31, 1992 AND JULY 31, 1991

ASSETS

	January 31, 1992 (Unaudited)	July 31, 1991
Current assets:		
Cash and cash equivalents	$ 669,517	$ 2,017,818
Interest receivable		32,397
Accounts receivable, net	762,029	
Note receivable, officer	12,700	
Inventories (Note 3)	428,148	
Receivable from related party	8,061	
Prepaid expenses	181,825	5,917
Acquisition costs		54,506
	2,062,280	2,110,638
Property and equipment:		
Office furniture and equipment	71,011	
Less accumulated depreciation	(12,784)	
	58,227	
Other assets:		
Trademarks and license agreements	7,687,070	
Loan costs:		
Related party	337,500	
Other	194,508	
Organizational costs	264,322	2,500
Less accumulated amortization	(485,738)	(792)
	7,997,662	1,708
	$10,118,169	$ 2,112,346

(continued)

MACGREGOR SPORTS AND FITNESS, INC.

AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

JANUARY 31, 1992 AND JULY 31, 1991

LIABILITIES AND SHAREHOLDERS' EQUITY

	January 31, 1992 (Unaudited)	July 31, 1991
Current liabilities:		
Revolving line of credit	$ 1,059,666	
Notes payable, shareholders	950,156	
Investment fees payable to related party	281,500	
Accounts payable and accrued expenses	182,478	$ 16,208
Term loan (Note 4)	1,750,010	
Total current liabilities	4,223,810	16,208
Class A 10% mandatory redeemable convertible preferred stock, liquidation preference $610,000 plus unpaid dividends, if and when declared; 610 shares issued and outstanding	610,000	
Class B 10% mandatory redeemable convertible preferred stock, liquidation preference $385,000 plus unpaid dividends, if and when delcared; 385,000 shares issued and outstanding	385,000	
Shareholders' equity:		
Common stock, par value $.02; authorized 25,000,000 shares, issued and outstanding 6,366,483 shares at January 31, 1992, and 2,450,000 shares at July 31, 1991	127,330	49,000
Additional paid-in capital	6,270,586	2,059,038
Warrants	100	100
Deficit	(1,498,657)	(12,000)
	4,899,359	2,096,138
	$10,118,169	$ 2,112,346

See notes to consolidated financial statements.

MACGREGOR SPORTS AND FITNESS, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS

THREE MONTHS AND SIX MONTHS ENDED JANUARY 31, 1992 AND 1991 (UNAUDITED)

	Three Months Ended January 31, 1992	Six Months Ended January 31, 1992	Three Months Ended January 31, 1991	Six Months Ended January 31, 1991
Sales (Note 2)	$ 807,623	$1,457,938		
Cost of sales (Note 2)	(622,940)	(1,110,707)		
Gross profit	184,683	347,231		
Operating expenses:				
General and administrative	487,132	831,934	$ 36,651	$ 57,287
Depreciation and amortization	170,352	386,754	125	250
Merger costs	317,815	342,815		
Start-up costs		18,989		
	975,299	1,580,492	36,776	57,537
Operating loss	(790,616)	(1,233,261)	(36,776)	(57,537)
Other income (expense):				
Interest income	16,477	46,809	30,742	44,542
Interest expense:				
Related parties	(2,100)	(26,135)		
Other	(95,430)	(193,664)		
	(81,053)	(172,990)	30,742	44,542
Net loss	$ (871,669)	$(1,406,251)	$ (6,034)	$ (12,995)
Loss per common share:				
Primary	$ (.14)	$ (.22)	*	*
Fully diluted (Note 5)	--	--	--	--
Weighted average number of common shares	6,879,512	6,879,512	2,450,000	2,450,000

* Less than ($.01) per share.

See notes to consolidated financial statements.

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MACGREGOR SPORTS AND FITNESS, INC.
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

SIX MONTHS ENDED JANUARY 31, 1992 AND 1991
(UNAUDITED)

	1992	1991
Net cash used in operating activities	$ (1,168,962)	$ (35,259)
Cash flows from investing activities:		
Purchase of property and equipment	(1,045)	
Purchase of trademarks and license agreements	(41,623)	
Net cash used in investing activities	(42,668)	
Cash flows from financing activities:		
Acquisition of loan costs	(3,043)	
Net borrowings under line-of-credit arrangement	715,327	
Proceeds from issuance of notes payable, shareholders	877,648	
Principal payments of notes payable, shareholders	(299,483)	
Principal payments under term loan	(1,749,990)	
Proceeds from issuance of stock	321,000	1,317,956
Proceeds from issuance of warrants		100
Net cash provided by (used in) financing activities	(138,541)	1,318,056
Increase (decrease) in cash and cash equivalents	(1,350,171)	1,282,797
Cash and cash equivalents, beginning of period	2,019,688	770,499
Cash and cash equivalents, end of period	$ 669,517	$2,053,296
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	$ 220,909	

Supplemental disclosure of noncash investing and financing activities:

During the six months ended January 31, 1992, the Company expensed, in accordance with the Merger Agreement dated August 30, 1991, $54,506 in acquisition costs previously capitalized.

The Company incurred an $875,010 note payable to a shareholder, for payments made by the shareholder on the Company's behalf on the term loan.

The Company converted $54,500 in notes payable to a shareholder to common stock.

See notes to consolidated financial statements.

MACGREGOR SPORTS AND FITNESS, INC.

AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS AND SIX MONTHS ENDED JANUARY 31, 1992 (UNAUDITED)

1. The interim financial statements:

The interim financial statements have been prepared by MacGregor Sports and Fitness, Inc. ("MSF"and the "Company") and, in the opinion of management, reflect all material adjustments which are necessary to a fair statement of results for the interim periods presented. Certain information and footnote disclosures made in the last annual report on Form 10-K have been condensed or omitted for the interim statements. It is the Company's opinion that, when the interim statements are read in conjunction with the July 31, 1991, annual report on Form 10-K and the Joint Proxy Statement-Memorandum dated December 3, 1991, the disclosures are adequate to make the information presented not misleading.

2. Organization:

Sports Acquisition Corporation was formed in February, 1991, and on May 9, 1991, it acquired certain assets of MacGregor Sporting Goods, Inc. in bankruptcy court. On December 30, 1991, a merger was consummated with Vida Ventures, Inc. ("Vida"), a publicly held "blind pool" established in November, 1989, for the purpose of future acquisition of an operating company. Vida was the surviving legal entity, however, the transaction was accounted for as the reverse acquisition of a blind pool, with the Company being accounted for as the continuing entity.

The acquisition has been accounted for in accordance with Securities and Exchange Commission Staff Accounting Bulletin Topic 2A, whereby the shares of stock shown on the financial statements represent the shares of stock of Vida increased by the shares of stock issued to MSF shareholders, and adjusted for the one-for-two reverse split discussed in the Joint Proxy Statement-Memorandum. The assets of both entities recorded in the financial statements have been recorded at their historical cost, with no write-up resulting from the merger, and costs incurred in the merger have been expensed. The financial statements include the results of operations of Vida for the three and six months ended January 31, 1991, and the combined operations of the component corporations for the three and six months ended January 31, 1992. Prior filings consisted of the operations of Vida only.

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MACGREGOR SPORTS AND FITNESS, INC.

AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

THREE MONTHS AND SIX MONTHS ENDED JANUARY 31, 1992
(UNAUDITED)

3. Inventories:

At July 31, 1991, inventory consisted of $490,082 purchased May 9, 1991, ("old" inventory) (Note 1) and $131,241 purchased subsequent to that date ("new" inventory). At January 31, 1992, inventory consisted of approximately $70,000 in old inventory and $358,000 of new. Separate disclosure of sales and cost of sales information for old and new inventory for the six months ended January 31, 1992, is as follows:

	Old	New	Total
Sales	$ 619,928	$ 838,010	$ 1,457,938
Cost of sales	502,974	607,733	1,110,707
	$ 116,954	$ 230,277	$ 347,231

4. As the Company is not in compliance with certain debt covenant restrictions, the term loan is classified in its entirety as a current liability.

5. Fully diluted loss per share is not presented because it is anti-dilutive.

ITEM 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

- Introduction:

On December 30, 1991, Vida Venture, Ltd. and Sports Acquisition Corporation consummated a merger as fully described in their Joint Proxy Statement-Memorandum dated December 3, 1991. The Company adopted the name MacGregor Sports and Fitness, Inc. (MSF). The Company operates through its wholly owned subsidiary, MacGregor Sports Products, Inc. (MSPI). The merger was accounted for as the reverse acquisition of a blind pool, and the assets recorded by the Company represent the assets of SAC and Vida at historical cost to each predecessor entity. Costs of the merger were expensed as of December 30, 1991. The Companies retained the fiscal year of Vida of July 31 for financial reporting and income tax purposes.

- Results of Operations:

Due to the merger of SAC and Vida (now MSF) a comparison of results for the three and six months ended January 31, 1992, to the similar periods of the preceding year are not meaningful. Additionally, SAC did not begin operations until May 9, 1991. Consequently, this section will analyze the operations of the three and six month periods ended January 31, 1992, only.

Sales during the three months ended January 31, 1992, of $807,623 represent an increase of 24 percent from sales during the preceding three months of $650,315. As management is able to reestablish the credibility of the MacGregor name, it anticipates that sales will continue to improve. Cost of sales has been negatively impacted by the sale of inventory acquired at the beginning of operations in May of 1991. The gross profit on sales of that inventory was 19 percent compared to a gross profit on sales of inventory acquired after inception of 27 percent.

General and administrative expenses were 60 percent and 57 percent of sales, respectively, for the three and six months ended January 31, 1992, as the Company has found it necessary to incur administrative costs at a level to support expanded operations. Merger costs and start-up costs of $317,815 and $361,804 during the three and six month periods ended January 31, 1992, respectively, reflect non-recurring costs applicable to the initial start up of SAC and the merger of SAC and Vida.

- Liquidity and Financial Resources:

At January 31, 1992, the Company had cash of approximately $670,000 plus a revolving credit facility of $3,250,000 of which approximately $1,060,000 is utilized. During the six months ended January 31, 1991, the Company reduced its term bank loan by approximately $1,750,000. In February, 1992, the Company sold a portion of its rights under the MacGregor licensing agreement for $1,500,000. Management estimates that these rights, representing the institutional market, would account for

- Liquidity and Financial Resources (continued):

approximately 7 to 10 percent of its total market. Upon closing, the Company received $1,000,000 in cash, and $500,000 will be received by April, 1992. Of the initial payment $900,000 was applied to reduce the bank term loan, and the remaining $500,000 payment will also be applied to the loan. Consequently, at April, 1992, the Company will owe only $350,000 under the term loan agreement.

Management is currently involved with aggressive pricing strategies aimed at achieving market penetration and revitalization of the MacGregor name for the retail market. These strategies may negatively affect gross profit realization in the near term, but management believes the long-term effects will be beneficial and that these strategies are essential to the overall goal of building brand awareness. Energy has been devoted to new products both in the youth retail market (including foam balls, bats, batting tees, velcro baseball gloves, toy basketball sets, etc.) as well as fitness equipment and bicycles. Management believes that, due to the manufacturing and sales lag time, these new products will not begin to have a material effect on sales until the third and fourth calendar quarters of 1992. Sales of inflatable sports products, as well as baseball related items, have contributed the bulk of the Company's sales, and steady growth in these products is anticipated as the Company completes production agreements with its suppliers.

In spite of the loss incurred during the six months ended January 31, 1992, management believes it has the financial resources necessary for at least the next twelve months, and that the product line expansion should be contributing increased sales and cash flow by late 1992.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings:

None.

Item 2. Changes in Securities:

In connection with the merger of Sports Acquisition Corporation with and into Vida Ventures, Ltd., on December 30, 1991, the registrant effected a reverse split of its common shares in a ratio of one share for two shares. The number of outstanding warrants to purchase common shares was consequently reduced by half to 920,000 warrants, and the warrant purchase price of the 800,000 publicly issued warrants was increased from $3.00 to $6.00

The liquidation rights of the Common Shares of the registrant have been modified as a result of the designation and issuance by the registrant to two classes of preferred shares. The registrant has outstanding 610 Class A Convertible Preferred Shares, with a liquidation preference of $1,000 per share, and 385,000 Class B Convertible Preferred Shares, with a liquidation preference of $1.00 per share. The liquidation rights of the preferred shares are prior to those of the common shares.

Item 3. Default upon Senior Securities:

None.

Item 4. Submission of Matters to a Vote of Security-Holders:

(a) A special meeting of the shareholders of the registrant was held on December 27, 1991.

(b) The following individuals were elected at the meeting as members of the Board of Directors of the registrant: Michael S. Casazza, Robert C. Engelstad, Henry Fong, David C. Johnston, and Edward E. Shake.

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Item 4. Submission of Matters to a Vote of Security-Holders (continued):

(c) The other matters voted on at the meeting, and the number of affirmative votes and the number of negative votes cast with respect to each such matter are as follows (number are pre-reverse split):

1. Proposal to approve and adopt the Merger Agreement by and between Vida Ventures, Ltd., Sports Acquisition Corporation, and MacGregor Sports Products, Inc.

   FOR 3,179,450 AGAINST 76,000

2. Proposal to amend Vida's Articles of Incorporation to effect a reverse stock split, designate two classes of preferred shares, and change the name of Vida to MacGregor Sports and Fitness, Inc.

   FOR 3,309,450 AGAINST 76,000

3. Proposal to adopt the Vida Stock Option Plan.

   FOR 3,033,775 AGAINST 209,675

Item 5. Other Information:

None.

Item 6. Exhibits and Reports on Form 8-K:

(a) Exhibits.
None.

(b) Reports on Form 8-K.
A Current Report on Form 8-K dated December 30, 1991, was filed to report the merger of Sports Acquisition Corporation with and into the registrant. Items reported were: Item 1. Changes in Control of the Registrant; Item 2. Acquisition or Disposition of Assets; Item 6. Resignations of Registrant's Directors; and Item 7. Financial Statements and Exhibits. The following financial statements were filed with such Form 8-K:

Item 6. Exhibits and Reports on Form 8-K (continued):

(b) Reports on Form 8-K (continued).

1) Financial statements of Sports Acquisition Corporation and its subsidiary:

   a) Audited financial statements for the period from February 12, 1991 (Inception) through July 31, 1991;

   b) Compiled financial statements for the period ended October 31, 1991.

2) Pro forma financial statements of the merged company (MacGregor Sports and Fitness, Inc.) and notes thereto.

The registrant filed an Amendment on Form 8 to its Current Report on Form 8-K. Such Amendment contained unaudited consolidated financial statements of Sports Acquisition Corporation for the three-month period ended October 31, 1991.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MACGREGOR SPORTS AND FITNESS, INC.

Date March 19, 1992

By Michael Casazza
Michael S. Casazza
President

Date March 19, 1992

By Leo Conlan
Leo Conlan
Treasurer
(principal financial officer)

0 66038
Q-34858

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

92065545

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

L92-2238

FOR QUARTER ENDED January 31, 1992 COMMISSION FILE NO. 0-8512

MONARCH AVALON, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

52-1073628
(IRS Employer Identification No.)

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4517 Harford Road, Baltimore, Maryland
(address of principal executive offices)

21214
(Zip Code)

Registrant's telephone number, including area code 301-254-9200

Not applicable
Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO ___

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

Common Stock, $.25 Par Value—1,652,770 shares as of January 31, 1992

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PART I. FINANCIAL INFORMATION

ITEM I FINANCIAL STATEMENTS

MONARCH AVALON, INC.

CONDENSED STATEMENTS OF FINANCIAL CONDITION

ASSETS	January 31, 1992 (unaudited)	April 30, 1991
	(000's omitted)	
CURRENT ASSETS		
Cash and cash equivalents	$2,769	$2,818
Marketable securities (at lower of cost or market)	156	156
Accounts receivable, less allowance for doubtful accounts	1,004	1,171
Inventories—at lower of cost (first-in, first-out) or market		
Raw material and component parts	1,144	1,157
Work in progress	239	230
Finished goods	817	782
	2,200	2,169
Other current assets	142	79
TOTAL CURRENT ASSETS	6,271	6,393
PROPERTY AND EQUIPMENT	4,100	4,042
Less allowance for depreciation	(3,551)	(3,412)
	549	630
OTHER ASSETS AND DEFERRED CHARGES	108	111
	$6,928	$7,134
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 265	$ 263
Accrued expenses	309	385
Income taxes payable		35
TOTAL CURRENT LIABILITIES	574	683
STOCKHOLDERS' EQUITY		
Preferred Stock—par value $.01 per share: Authorized 100,000 shares; no shares issued		
Common Stock—par value $.25 per share: Authorized 3,000,000 shares; shares issued—2,109,985; shares outstanding 1,652,770 on January 31, 1992; 1,723,270 on April 30, 1991	527	527
Capital surplus	3,454	3,552
Retained earnings	2,487	2,469
	6,468	6,548
Treasury stock at par—457,215 shares on January 31, 1992; 386,715 shares on April 30, 1991	(114)	(97)
	6,354	6,451
	$6,928	$7,134

See notes to condensed financial statements.

MONARCH AVALON, INC.

CONDENSED STATEMENTS OF INCOME (LOSS) (UNAUDITED)

	Three Months Ended January 31,		Nine Months Ended January 31,	
	1992	1991	1992	1991
	(000's omitted, except share data)		(000's omitted, except share data)	
Net sales	$ 1,709	$ 2,278	$ 5,021	$ 5,634
Cost of goods sold	1,250	1,701	3,556	4,137
Gross profit	459	577	1,465	1,497
Selling, general and administrative expenses	430	457	1,365	1,291
Research and development	77	73	206	232
	507	530	1,571	1,523
Income (loss) from operations	(48)	47	(106)	(26)
Other income–net	39	49	124	129
Pre-Tax income (loss)	(9)	96	18	103
Income taxes	0	0	0	0
Net income (loss)	$ (9)	$ 96	$ 18	$ 103
Income (loss) per share	$ (.01)	$ .06	$ .01	$ .06
Weighted average shares outstanding	1,652,770	1,727,770	1,660,048	1,732,214

See notes to condensed financial statements.

MONARCH AVALON, INC.

CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Nine Months Ended January 31,	
	1992	1991
	(000's omitted)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 18	$ 103
Noncash charges to operations		
Depreciation	139	197
Amortization	11	35
Changes in accounts receivable, inventories, other assets, accounts payable and accrued expenses	(44)	334
Net cash provided by operating activities	124	669
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net additions to property and equipment	(58)	(38)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchase of treasury stock	(115)	(70)
Proceeds from short term borrowings	0	100
Payments on short term borrowings	0	(100)
Net cash used in financing activities	(115)	(70)
Net increase (decrease) in cash and cash equivalents	(49)	561
Cash and cash equivalents at beginning of period	2,818	2,027
Cash and cash equivalents at end of period	$2,769	$ 2,588

See notes to condensed financial statements.

MONARCH AVALON, INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

January 31, 1992

NOTE A—BASIS OF PRESENTATION

The accompanying unaudited condensed financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and disclosures required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals and charges) considered necessary for a fair presentation have been included. Operating results for the three months and nine months ended January 31, 1992 are not necessarily indicative of the results that may be expected for the year ending April 30, 1992. For further information, reference should be made to the financial statements and notes included in the Company's annual report on Form 10-K for the year ended April 30, 1991.

NOTE B—INVENTORIES

For quarterly reporting purposes, the Company values inventory using both perpetual records and physical counts, while at year-end values are determined solely on the basis of physical counts.

NOTE C—DISSOLUTION AND MERGER OF SUBSIDIARIES

At April 30, 1991, Victory Games, Inc., Microcomputer Games, Inc. and Monarch Toy Company, LTD. were voluntarily dissolved. The Avalon Hill Game Company, Inc. merged with Monarch Avalon, Inc. leaving Monarch Avalon, Inc. as the remaining operating entity.

ITEM II

MONARCH AVALON, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS FOR THE FIRST NINE MONTHS OF FISCAL 1992 and 1991

Net sales for the first nine months of fiscal 1992 decreased $613,000 or 11%, compared to the first nine months of fiscal 1991. Printing and envelope sales were down $646,000 or 27%, reflecting the current economic trends in the printing industry. Game sales increased $33,000, or 1% due to an increase in new game releases, promotional activities and new international and domestic accounts.

Cost of sales as a percentage of sales was 71% for the first nine months of fiscal 1992 and 73% for the first nine months of fiscal 1991. The principal reason for this decrease was due to a reduction in depreciation expense.

Selling, general and administrative expenses increased $74,000, or 6%, for the first nine months of fiscal 1992. This escalation is due to the Company's increased involvement in additional advertising and promotional activities.

Research and development expenses decreased 11% over the first nine months of fiscal 1992. This decrease was due to the consolidation of research and development activities.

LIQUIDITY AND SOURCES OF CAPITAL

At January 31, 1992, cash and cash equivalents were $2,769,000, a decrease of $49,000 from the balance at April 30, 1991. The Company continues to maintain a strong cash position.

PART II. OTHER INFORMATION

ITEMS 1 THROUGH 5
NONE / NOT APPLICABLE

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K
The Company filed a report on Form 8-K dated August 22, 1991 to report, under Item Five of Form 8-K, changes in the terms of certain stock options issued to certain officers and directors of the Company.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf of the undersigned thereunto duly authorized.

MONARCH AVALON, INC.
(Registrant)

Date 3/13/92

A. Eric Dott
Chairman of Board

Date 3/13/92

Frank E. Fontanazza

Frank E. Fontanazza
Chief Financial Officer

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PAGE 1 of 10 PAGES
THERE IS NO EXHIBIT

92065566

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

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FORM 10-Q

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

M92-2238

For the quarterly period ended ....January 31, 1992...

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from................. to ....

Commission file number...0-15451...

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...PHOTRONICS, INC....
(Exact name of registrant as specified in its charter.

...Connecticut...
(State or other jurisdiction of incorporation or organization)

...06-0854886...
(I.R.S. Employer Identification No.)

(39)

...P.O. Box 5226, 15 Secor Rd., Brookfield, CT...
(Address of principal executive offices)

..06804..
(Zip Code)

10/10

...(203) 775-9000...
(Registrant's telephone number, including area code)

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Q-Data Corp. - St. Petersburg, FL

....
(Former name, former address and former fiscal year, if changed

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ..X.. No .....

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at January 31, 1992
Common Stock, $.01 par value	5,258,812 Shares

PHOTRONICS, INC.
AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

PHOTRONICS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

Assets	January 31, 1992 (Unaudited)	October 31, 1991
Current assets:		
Cash and cash equivalents	$7,058,964	$6,971,741
Short-term investments	9,428,490	12,941,184
Accounts receivable, less allowance for doubtful accounts of $70,000 in 1991 and 1992	5,309,624	5,879,109
Prepaid income taxes	--	293,428
Inventories	1,673,550	1,386,629
Prepaids and other current assets	656,119	426,101
Total current assets	24,126,747	27,898,192
Property, plant and equipment, net	19,314,244	17,096,823
Deposits on equipment	2,071,250	--
Other assets	3,857,380	2,855,132
	$49,369,621	$47,850,147

See accompanying notes to consolidated financial statements.

	January 31, 1992 (Unaudited)	October 31, 1991
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable:		
Trade	$3,057,801	$2,059,641
Other	--	708,000
Accrued liabilities		
Salaries	583,492	673,940
Other	205,853	257,102
Income taxes payable	342,908	--
Current portion of long-term debt	667,648	693,656
Total current liabilities	4,857,702	4,392,339
Long-term debt, less current portion	1,599,166	1,758,197
Deferred income taxes	2,147,759	2,141,971
Deferred rent and other liabilities	174,955	173,282
Total liabilities	8,779,582	8,465,789
Stockholders' equity:		
Preferred stock, $.01 par value; authorized: 2,000,000 shares; none issued and outstanding	--	--
Common stock, $.01 par value; authorized: 10,000,000 shares; issued: 5,349,812 shares in 1992 and 5,343,612 in 1991	53,498	53,436
Additional paid-in capital	24,874,836	24,849,198
Retained earnings	15,906,643	14,726,662
Less treasury stock, at cost	(244,938)	(244,938)
Total stockholders' equity	40,590,039	39,384,358
	$49,369,621	$47,850,147

See accompanying notes to consolidated financial statements.

PHOTRONICS, INC. AND SUBSIDIARIES

Consolidated Statements of Earnings
(Unaudited)

	Three Months Ended January 31,	
	1992	1991
Net sales	$10,394,716	$9,224,314
Costs and expenses:		
Cost of sales	6,753,786	5,756,932
Selling, general and administrative	1,384,863	1,167,914
Research and development	666,723	600,508
Operating income	1,589,344	1,698,960
Gain on insurance settlement	--	874,156
Interest income	287,218	157,724
Interest expense	(32,881)	(59,033)
Other income	40	22,204
Income before income taxes	1,843,721	2,694,011
Income taxes	663,740	996,784
Net income	$1,179,981	$1,697,227
Net income per common and common equivalent share	$0.22	$0.37
Weighted average common and common equivalent shares outstanding	5,460,000	4,620,000

See accompanying notes to consolidated financial statements.

PHOTRONICS, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Unaudited)

Represented by Increases (Decreases) In Cash Flows

	Three Months Ended January 31,	
	1992	1991
Cash flows from operating activities:		
Net income	$ 1,179,981	$ 1,697,227
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization	1,205,894	927,967
Gain on insurance settlement	--	(874,156)
Deferred income taxes	5,788	408,821
Changes in assets and liabilities:		
Accounts receivable, net	569,485	802,463
Inventories	(286,921)	(288,047)
Receivable from insurance settlement	--	(1,121,754)
Prepaid income taxes	293,428	--
Prepaids and other current assets	(230,018)	8,885
Accounts payable and accrued liabilities	148,463	(1,591,456)
Income taxes payable	342,908	(778,859)
Total adjustments	2,049,027	(2,506,136)
Net cash provided (used) by operating activities	3,229,008	(808,909)
Cash flows from investing activities:		
Additions to fixed assets	(3,411,421)	(860,503)
Proceeds from gain on insurance settlement	--	874,156
Deposits on equipment	(2,071,250)	1,800
Decrease (increase) in short-term investments	3,512,694	(79,809)
Increase in other investments	(996,201)	--
Other	(16,268)	(2,546)
Net cash used by investing activities	(2,982,446)	(66,902)
Cash flows from financing activities:		
Repayment of long-term debt	(185,039)	(192,789)
Proceeds from sales of common stock	25,700	16,008
Net cash used by financing activities	(159,339)	(176,781)
Net increase (decrease) in cash and cash equivalents	87,223	(1,052,592)
Cash and cash equivalents at beginning of period	6,971,741	6,652,646
Cash and cash equivalents at end of period	$ 7,058,964	$ 5,600,054
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 32,881	$ 59,033
Income taxes	$ 21,616	$ 1,366,822

See accompanying notes to consolidated financial statements.

PHOTRONICS, INC.
AND SUBSIDIARIES

Notes to Consolidated Financial Statements
Three Months Ended January 31, 1992

(Unaudited)

1) BASIS OF FINANCIAL STATEMENT PRESENTATION

The consolidated financial statements of the Company included herein have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission and, in the opinion of management, reflect all adjustments which are necessary to present fairly the results for the three-month period ended January 31, 1992 and 1991. Interim financial data presented herein are unaudited. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations; however, management believes that the disclosures are adequate to make the information presented not misleading. This report should be read in conjunction with the consolidated financial statements and footnotes as of October 31, 1991, which give a complete discussion of these matters.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Material Changes in Results of Operations
Quarter Ended January 31, 1992 versus January 31, 1991

Net sales for the quarter ended January 31, 1992 increased 12.7% to $10,394,716 as compared to the same period last year. This increase is primarily attributable to growth in demand from existing customers as well as the addition of new customers.

In the quarter ended January 31, 1992, cost of sales increased 17.3% from the same period last year. This increase is primarily attributable to the increase in net sales. As a percentage of sales, cost of sales increased to 65.0% in the quarter ended January 31, 1992 as compared to 62.4% for the same period last year primarily due to higher overhead costs associated with substantial renovations and improvements completed at the end of fiscal 1991, equipment additions and higher staffing levels.

Selling, general and administrative expenses increased 18.6% in the quarter ended January 31, 1992 as compared to the prior year. As a percentage of net sales, selling, general and administrative expenses increased to 13.3% compared to 12.7% for same period last year. This increase is primarily attributable to the addition of office space and general increases in wages and other expenses.

Research and development expenses in the first quarter of fiscal 1992 increased 11.0% from last year's first quarter, and as a percentage of sales declined slightly.

In the quarter ended January 31, 1991, the Company recorded a gain of $874,156 due to the partial settlement of its insurance claim from the fire the Company experienced in June 1990.

In the quarter ended January 31, 1992, interest and other income increased by 59.7% compared to the same period last year. This increase is attributable to the increased cash levels available for investing in interest bearing instruments in fiscal 1992. Interest expense in the quarter ended January 31, 1992 decreased 44.3% as compared to the same period last year due to decreased debt and lower prevailing interest rates.

For the first quarter of 1992, the Company had an effective tax rate of 36.0% as compared to 37.0% in the same period last year.

As a result of the above factors, the Company recognized net income in the quarter ended January 31, 1992 of $1,179,981, or $0.22 per share, as compared to $1,697,227, or $0.37 per share, for the same period last year. Excluding the gain from the insurance settlement, net income for the first quarter of fiscal 1991 was $1,146,509, or $0.25 per share. Earnings per share during the current period was significantly affected by increases in the weighted average shares outstanding, as these figures increased substantially over the year earlier period principally due to the Company's public offering of its common stock in May 1991.

Liquidity and Capital Resources

In the first quarter of fiscal 1992, the Company's liquidity declined slightly due to additions to fixed assets, deposits paid on equipment and an increase in other investments, partially offset by the results of operations. As a result of these and other transactions, the Company had a net decrease in cash, cash equivalents and short-term and other investments of $2,423,223.

As of January 31, 1992, the Company had commitments for the purchase or lease of capital equipment with an acquisition cost of approximately $11,500,000, some of which will be acquired in fiscal 1992 and against which the Company had made deposits of $2,071,250. The Company will use its working capital, bank borrowings and leases to finance such investments. The Company has a commitment for up to $16,500,000 of financing available over a three-year period. Further, the Company believes that it has the capacity for substantial growth and that internally generated funds combined with bank borrowings and leases will fulfill its cash requirements for the foreseeable future.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports of Form 8-K

(b) During the quarter for which this report is filed, no reports on Form 8-K were filed by the Company.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PHOTRONICS, INC.
(Registrant)

By: ______________________
Michael J. Yomazzo
Executive Vice President
(Duly Authorized Officer and
Principal Financial Officer)

Date: March 13, 1992

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

N92-2238

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 31, 1992
Commission File Number 0-7915

Pyramidwest Development Corporation

(Exact name of Registrant as specified in its charter)

Delaware	36-2679981
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
1111 South Homan Avenue Chicago, Illinois	60624
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (312) 533-4300

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

(APPLICABLE ONLY TO CORPORATE ISSUERS)

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the period covered by this report.

Class A	Class B
1954	193,400

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PYRAMIDWEST DEVELOPMENT CORPORATION
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
At MARCH 31, 1992 AND DECEMBER 31, 1991

ASSETS

	March 31, 1992	December 31, 1991
Cash of parent and non-bank subsidiaries, including certificates of deposit of $225,000 at March 31, 1992 and December 31, 1991	$ 227,500	$ 227,370
Cash and due from banks of subsidiary bank	2,427,294	2,580,016
U.S. Government Securities	499,583	487,118
Investment securities of subsidiary bank (Quoted market of $14,350,915 and $14,901,727 at March 31, 1992 and December 31, 1991, respectively.) (Notes 1C and 9)	14,107,119	14,209,742
Federal funds sold of subsidiary bank	2,500,000	1,500,000
Loans of subsidiary bank, net of allowances for possible loan losses of $446,850 and $450,000 at March 31, 1992 and December 31, 1991, respectively.	13,017,753	13,271,772
Land and projects under development costs	2,307,775	2,307,775
Land	47,700	47,700
Building and equipment, net of accumulated depreciation of $939,182 and $904,363 at March 31, 1992 and December 31, 1991, respectively (Note 1D)	1,702,691	1,719,029
Investments in partnership interests (Note 11)	874,741	629,300
Notes and fees receivable (Note 11)	1,072,361	1,522,393
Other assets	1,366,659	892,357
Total Assets	$ 40,151,176	$39,394,572

The accompanying notes to consolidated financial statements are an integral part of these statements

PYRAMIDWEST DEVELOPMENT CORPORATION
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
AT MARCH 31, 1992 AND DECEMBER 31, 1991

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31, 1992	December 31, 1991
Liabilities:		
Demand deposits	$ 7,293,772	$ 6,533,969
Savings deposits	14,265,803	13,021,042
Certificates of deposit	9,398,360	10,627,030
Total Deposits	$30,957,935	$30,182,041
Notes payable	$ --	$ 6,871
Accounts payable	7,071	8,486
Accrued real estate taxes	39,301	50,450
Mortgage note payable (Note 4)	815,211	839,381
Other liabilities	654,538	801,221
Loan payable	225,000	225,000
Total Liabilities	$32,699,056	$32,113,450
Minority Interest in Subsidiaries	$ 170,852	$ 170,501
Stockholders' Equity (Notes 5 and 6):		
Common stock, $1 par value-- Class A, Voting, 50,000 shares authorized, 1,954 shares issued and outstanding at March 31, 1992 and December 31, 1991	1,954	1,954
Class B, non-voting, 200,000 shares authorized, 193,400 issued and outstanding at March 31, 1992 and December 31, 1991	193,400	193,400
Class C, non-voting, 50,000 shares authorized, none issued at March 31, 1992 and December 31, 1991	--	--
Paid in capital	17,629,235	17,629,235
Donated capital	243,679	243,679
Retained earnings	(10,787,000)	(10,957,647)
Total Stockholders' Equity	$ 7,281,268	$ 7,110,621
Total Liabilities and Stockholders' Equity	$40,151,176	$39,394,572

The accompanying notes to consolidated financial statements are an integral part of this statement

PYRAMIDWEST DEVELOPMENT CORPORATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
for the Three Months Ended March 31, 1992 and 1991

	March 31	
	1992	1991
Interest Income:		
Interest on loans	$ 298,527	$ 387,692
Interest on investment securities	296,966	225,697
Interest on federal funds sold	24,850	115,706
Other interest income	--	15,018
Total interest income	$ 620,343	$ 744,113
Interest Expense:		
Interest on savings	$ 143,956	$ 172,716
Interest on certificates of deposit	123,188	209,757
Interest on mortgage loans	20,753	23,406
Interest on loans	3,498	5,860
Total interest expense	$ 291,395	$ 411,739
Net interest income	$ 328,948	$ 332,374
Provision for possible loan losses	7,930	7,500
Net interest income after provision possible loan losses	$ 321,018	$ 324,874
Other Operating Income:		
Rental income	$ 11,874	$ 11,874
Other income	218,562	123,461
Total other operating income	$ 230,436	$ 135,335
Other Operating Expenses:		
Salaries, wages and employee benefits	$ 273,538	$ 336,698
General and administrative	287,460	310,146
Depreciation (Note 1D)	42,465	33,704
Total other operating expenses	$ 603,463	$ 680,548
Minority interest in income of consolidated subsidiary	(352)	7,251
Loss from continuing operations and before income taxes	(52,361)	(213,088)
Provision for income taxes (Note 7)	--	--
Loss from continuing operations	$(52,361)	$(213,088)
Discontinued operations:		
Net income from discontinued property management operations (net of income taxes of $56,204 in 1992 and $29,403 in 1991)	166,804	88,937
Net income (loss) before extraordinary item	$ 114,443	$(124,151)
Utilization of operating loss carryforwards	56,204	29,403
Net income (loss)	$ 170,647	$(94,748)

The accompanying notes to consolidated financial statements are an integral part of this statement

PYRAMIDWEST DEVELOPMENT CORPORATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
For the Quarter Ended March 31, 1992

	Common Stock, $1 par					
	Class A	Class B	Class C	Paid-In Capital	Donated Capital	Retained Earnings (Deficit)
Balance at December 31, 1991	$1,954	$193,400	$ --	$17,629,235	$243,679	$(10,957,647)
Net Income	--	--	--	--	--	170,647
Balance at March 31, 1992	$1,954	$193,400	$ --	$17,629,235	$243,679	$(10,787,000)

The accompanying Notes to Consolidated Financial Statements are an integral part of this statement

PYRAMIDWEST DEVELOPMENT CORPORATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOW
For the Three Months Ended March 31, 1992 and 1991

	1992	1991
CASH FLOW FROM OPERATING ACTIVITIES		
Net income (loss)	$ 170,647	$ (94,748)
Adjustment to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	42,465	33,704
Provision for loan losses	7,930	7,500
Minority interest in income (loss) of Bank subsidiary	352	(7,251)
Net accretion of investment security premium	(12,465)	(8,325)
Increase in other assets	(474,303)	(95,165)
Decrease in accounts payable	(1,415)	(15,531)
Decrease in accrued and other liabilities	(157,832)	(328,104)
Net cash flow used by operating activities	$(424,621)	$(507,920)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of equipment	$(26,127)	$(17,670)
Decrease in notes and fees receivable	136,891	66,005
Cash distribution from partnership	60,829	93,673
Net (purchases) sales of investment securities	102,623	(56,824)
Increase in project development costs	--	(16,966)
Net (increase) decrease in loans	246,089	(442,590)
Net cash flow from (used by) investing activities	$ 520,305	$(374,372)
CASH FLOW FROM FINANCING ACTIVITIES		
Mortgage principal payments	$(24,170)	$(25,341)
Net increase in deposit accounts	775,894	706,676
Net cash flow from financing activities	$ 751,724	$ 681,335
Increase (decrease) in cash	$ 847,408	(200,957)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,307,386	10,049,735
CASH AND CASH EQUIVALENTS AT END OF YEAR	$5,154,794	$ 9,848,778

The accompanying Notes to Consolidated Financial Statements are in integral part of this statement

PYRAMIDWEST DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENT OF EARNINGS PER SHARE
For the Three Months Ended March 31, 1992 and 1991

	March 31	
	1992	1991
Net income (loss) Per Common Share (Note 8):		
(Loss) from Continuing Operations		
Class A	$(.01)	$(.06)
Class B	$(.27)	(1.10)
Income from Discontinued Operations		
Class A	$ .05	$ .02
Class B	$ .86	$ .46
Income from Extraordinary item:		
Class A	$ .01	$ .01
Class B	$ .29	$ .15
Net Income (loss)		
Class A	$ .05	$(.03)
Class B	$ .88	$ (.49)

The accompanying notes to consolidated financial statements are an integral part of this statement

PYRAMIDWEST DEVELOPMENT CORPORATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 1992

(1) Summary of Significant Accounting Policies:

A. Organization

Pyramidwest Development Corporation (Pyramidwest) is a Delaware business corporation which was incorporated in 1968 as the North Lawndale Economic Development Corporation. The name was changed to Pyramidwest in October, 1976. Pyramidwest is a one bank holding company which owns 89.66 percent of the voting shares of the Community Bank of Lawndale (Bank) and has two wholly owned operating subsidiaries, California Healthcare, Inc. (CHI), and Pyramidwest Realty and Management, Inc. (PRM). CHI is inactive as of December 31, 1991.

Pyramidwest's purpose is to make investments in corporations and projects designed primarily to promote community welfare through economic revitalization and development which expand and secure the economic well-being, physical development and stability of an area of the west side of the City of Chicago.

Pyramidwest and PRM are the limited and general partner, respectively, in several Illinois limited partnerships including Lawndale Plaza Investors and CHP Associates II, Ltd. These partnerships have been formed to invest in, construct and develop residential, commercial and industrial developments.

B. Basis of Financial Statement Presentation

The consolidated financial statements of Pyramidwest include the accounts of the corporation and its majority owned subsidiaries and partnership interests. All significant intercompany accounts and transactions have been eliminated in consolidation. The financial statements of Pyramidwest Development Corporation (parent company only), as shown in Note 12, reflect its investments in subsidiaries and partnership interests on the equity method of accounting. These interim financial statements reflect all normal, recurring adjustments which are necessary to a fair statement of results for the periods presented.

C. Land and Project Development Costs

Pyramidwest, PRM and CHI, acting for certain limited partnerships, have purchased several parcels of real estate. Where title was acquired by Pyramidwest, such title has been transferred to Illinois land trusts for the benefit of the limited partnerships referred to above. In certain instances improved real estate was purchased with the intention of demolishing the improvements. Accordingly, the entire purchase price of the improved real estate was capitalized as land. In addition, demolition costs (net of receipts from sales of salvaged materials), real estate taxes and other applicable land development costs were also capitalized.

Indirect costs directly associated with a project were capitalized when the major requirements for project development such as regulatory approval and financing commitments were received and development had commenced.

Land and land development costs are stated at the lower of cost or net realizable value.

D. Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation and amortization, which is computed on a straight-line method over the estimated useful life of the assets. Maintenance and repairs are charged to expense as incurred.

E. Provision for Possible Loan Losses and Doubtful Accounts

The provisions for possible loan losses and doubtful accounts are the amounts which, based upon the judgements of the respective managements, are necessary to maintain an allowance for possible loan losses and the allowance for doubtful accounts at an adequate level to report loans and accounts receivable at the amounts expected to be received.

F. Investment Securities

Investment securities are stated at cost less amortization of premium plus accretion of discount. Management intends to hold all securities recorded at unamortized cost to maturity and does not foresee any events which would interfere with that intention.

G. Cash Flow Statement

The basis of presentation for the Statements of Cash Flow is the indirect method. Cash transactions of amounts reported under notes and fees receivable are reported net because of original maturities of three months or less. Interest paid during the three months ended March 31, 1992 totalled $267,146. No income taxes were paid by Pyramidwest or any of its subsidiaries during the first three months of 1992 and 1991.

For the purpose of the Statements of Cash Flow, Pyramidwest considers cash equivalents to be all highly liquid securities with an original maturity of three months or less.

H. Post Retirement Benefits

Pyramidwest and subsidiaries do not provide for post retirement benefits for any of its employees.

(2) Off-Balance Sheet and Concentrations of Credit Risk:

The financial statements do not reflect various commitments and contingent liabilities which arise in the normal course of business and which involve elements of credit risk, interest rate risk and liquidity risk. These commitments and contingent liabilities are commitments to extend credit and standby letters of credit. A summary of the commitments and contingent liabilities at March 31, 1992 and 1991 was as follows:

	Approximate Amount	
	3/31/92	3/31/91
Loan commitments	$1,085,876	$ 155,000
Standby letters of credit	10,600	10,600

Commitments to extend credit and standby letters of credit all include exposure to some credit loss in the event of nonperformance of the customer. The Bank's credit policies and procedures for credit commitments are the same as those for extension of credit that are recorded on the Statements of Condition. Because these instruments have fixed maturity dates, and because many of them expire without being drawn upon, they do not generally present an significant liquidity risk to the Bank. The Bank's experience has not been less than sixty percent of loan commitments being drawn upon by customers.

All of the Bank's loan, commitments, and commercial and standby letters of credit have been granted to customers in the Bank's market area. All such customers are depositors of the Bank. Investments in state and municipal securities also involve governmental entities within the Bank's market area. The distribution of commitments to extend credit approximates the distribution of loans outstanding. Commercial and standby letters of credit were granted primarily to commercial borrowers. The Bank, as a matter of policy, does not extend credit to any single borrower or group of related borrowers in excess of $350,000.

(3) Allowance for Possible Loan Losses

Transactions in the allowance for possible loan losses for the three months ended March 31, 1992 and 1991 are as follows:

	Three Months Ended March 31,	
	1992	1991
Balance at beginning of period	$ 450,000	$ 424,817
Provision charged to expense	7,930	7,500
Loans charged off	(11,172)	(24,496)
Recoveries	92	5,379
Balance at end of period	$ 446,850	$ 413,200

(4) Mortgage Notes Payable

Mortgage notes payable consist of the following:

	March 31, 1992
Lawndale Towers Office Building mortgage payable in monthly installments of $12,455.35 including interest at 10% through February 1, 2000.	$ 815,211

Principal payments required under the mortgage outstanding at March 31, 1992:

Year	Amount
1992	$ 52,697
1993	76,671
1994	84,699
1995	93,568
1996	103,366
1997 to 2000	404,210
	$ 815,211

(5) Common Stock

The Certificate of Incorporation of Pyramidwest defines and describes the shares of common stock.

Pyramidwest has three authorized classes of common stock. The principal characteristics of each are as follows:

A. Class A, Voting Common Stock, par value $1 per share is fully paid and nonassessable when issued and paid for and has no preemptive rights. Class A Stock is the only voting stock of Pyramidwest and its ownership is restricted to natural persons residing in an area of Chicago, in quantities not to exceed 20 shares per person. Pyramidwest has an option to reacquire any Class A Stock offered for sale or transfer. The option price of Pyramidwest will be the higher of the book value per share at the preceding month-end or a bona-fide outside offer, as defined. Class A shareholders approve, reject or modify the

Annual Business Plan, which sets forth activities to be carried out by Pyramidwest, determine whether dividends will be paid and determine the compensation of all directors and officers.

B. Class B, Nonvoting Common Stock, par value $1 per share, is fully paid and nonassessable when issued and paid for and has no preemptive rights. Pyramidwest has issued Class B stock, in exchange for capital contributions, to a trust established for the benefit of the Lawndale Peoples Planning and Action Conference (LPPAC), a not-for-profit Illinois corporation organized to promote community development in Lawndale.

C. Class C, Nonvoting Common Stock, par value $1 per share, is fully paid and nonassessable when issued and paid for and has no preemptive rights.

(6) Dividend Distributions and Liquidation Preferences to Shareholders

All dividends must be approved by the holders of Class A Common Stock. Each class of stock is entitled to receive that proportionate share of the total amount of any dividends declared that the capital contributions received by Pyramidwest, as of the dividend declaration date, from the sale or other issuance of such class of stock bears to the total amount of all of the capital contributions received by Pyramidwest from the sale or other issuance of all classes of stock. Each share of stock within a class is entitled to receive the same dividend as any other share of stock in that class, irrespective of the amount of any capital contribution received for such share.

In the event of complete or partial liquidation and distribution of the assets of Pyramidwest, such assets will first be applied to repay to the holders of the Class B Stock the par value and paid-in capital attributable to such shares. Assets remaining will then be applied to repay the amount of par value and paid-in capital attributable to shares of Class C Stock. Assets then remaining will be distributed among the holders of Class A Stock in an amount equal to the Class A Par Value and paid-in capital amounts. Any assets then remaining will be distributed to the holders of all classes on a pro-rata basis.

If, upon liquidation, the assets distributable among the holders of any class are not sufficient to repay the amount of paid-in capital received for that class of stock, the remaining assets to be distributed after distribution to the class ranking prior to the class in which the insufficiency is reached, will be distributed among the holders of the class, ratably.

(7) Federal and State Income Taxes

As a business corporation, Pyramidwest is subject to Federal and State income taxes. Pyramidwest files a consolidated Federal income tax return. Certain income and expense items are accounted for in different time periods for financial reporting and income tax purposes.

Pyramidwest and subsidiaries have reported operating tax losses in prior years and have, for Federal tax purposes, operating loss and investment tax credit carryforwards available as of March 31, 1992 as follows:

Investment Tax Credit and Loss Carry-forwards Expire in:	Tax Losses	Investment Tax Credits
1992	$ --	1,500
1993	743,660	2,500
1994	949,357	1,800
1995	1,482,052	1,000
1996	--	1,000
1997	287,558	405
1998	282,252	25,000
1999	--	--
2000	1,100,837	--
2001	5,321,837	--

(8) Earnings Per Common Share

Earnings per common share is calculated using the two-class common stock method. Under this method, the total income for the year is allocated t each of Pyramidwest's classes of common stock based on the ratio of the weighted average capitalization (using month-end balances) of each class of stock to the weighted average capitalization of all classes of common stock. The earnings per share amounts are then determined based on the weighted average number of common shares outstanding.

The weighted average number of common shares outstanding, calculated using the number outstanding at each month-end is as follows:

	For the Three Months Ended March 31, 1992 and 1991
Class A	1,954
Class B	193,400
Class C	--

(9) Investment Securities of Subsidiary Bank

Investment securities of the Bank with a book value of $3,215,000 at March 31, 1992 and December 31, 1991, respectively, were pledged to secure certain deposits.

(10) Investment in Subsidiary Bank

Pursuant to state law, dividends may only be paid from net profits. However, 10% of such net profits must first be transferred to surplus until surplus equals capital (common stock). The Bank does not expect to pay dividends in the foreseeable future.

(11) Sale of Limited Partnership Interest and Accounting for Development Income

PRM and PDC originally owned a 100% interest in various limited partnerships. The limited partnership interests have been sold to outside investors with PRM retaining only the general partnership interest in each partnership.

The partners of Restoration Investors I, II, III, IV and V have directed that the partnership interests be sold. PRM will no longer general partner of the successor partnerships and, as of April 1, 1991, no longer manages the properties. PRM has advanced $216,367 at March 31, 1992 and December 31, 1991, respectively, to facilitate the tax free exchange of limited partnership interests in Restoration Investors I, II, and IV. These advances, included in Notes and fees receivable, were paid to entities in which the President of the General Partner of these entities is also the President of PRM. PRM will be reimbursed these advances upon completion of the tax free exchange transactions. Included in other assets are expenses related to selling the partnership interests which total $55,801 at March 31, 1992 and December 31, 1991, respectively.

Included in the consolidated balance sheets are investments in partnership interests of $568,471 and $629,300 as of March 31, 1992 and December 31, 1991, respectively, relating to these partnerships.

(12) Condensed Financial Statements of Pyramidwest Development Corporation (Parent Company Only)

PYRAMIDWEST DEVELOPMENT CORPORATION
(PARENT COMPANY ONLY)
BALANCE SHEETS
March 31, 1992 and December 31, 1991

	March 31 1992	December 31 1991
Cash and certificates of deposit	$ 225,100	$ 228,652
U. S. Government securities	499,583	487,118
Investment in Bank subsidiary	1,487,897	1,484,848
Investments in and advances to nonbank subsidiaries	7,643,624	7,416,432
Furniture and equipment, net of accumulated depreciation	3,402	3,402
Other assets	137,339	129,967
Total Assets	$ 9,996,945	$ 9,750,419
Accounts payable	$ 6,509	$ 2,418
Other liabilities	26,364	12,725
Notes payable to subsidiaries	2,682,804	2,624,655
Total Liabilities	$ 2,715,677	$ 2,639,798
Common stock	$ 195,354	$ 195,354
Paid-in capital	17,629,235	17,629,235
Donated capital	243,679	243,679
Retained earnings	(10,787,000)	(10,957,647)
Total Stockholders' Equity	$ 7,281,268	$ 7,110,621
Total Liabilities and Stockholders' Equity	$ 9,996,945	$ 9,750,419

PYRAMIDWEST DEVELOPMENT CORPORATION
(PARENT COMPANY ONLY)
STATEMENT OF INCOME
For The Three Months Ended March 31, 1992 and 1991

	1992	1991
Interest income	$ 9,448	$ 13,515
Other income	--	25
Total Income	$ 9,448	$ 13,540
Operating Expenses:		
Salaries, wages and employee benefits	$ 19,830	$ 22,766
General and administrative	43,208	49,509
Total Operating Expenses	$ 63,038	$ 72,275
Loss before equity in income of subsidiaries and provision for taxes	$(53,590)	$(58,735)
Equity in income (loss) of continuing operations of subsidiaries	1,229	(154,353)
Provision for income taxes		--
(Loss) from continuing operations	$(52,361)	$(213,088)
Equity in income of discontinued operations of subsidiaries (net of income tax expense of $56,204 and $29,463 in 1992 and 1991, respectively	166,804	88,937
Income (loss) before extraordinary item	$ 114,443	$(124,151)
Utilization of operating loss carryforwards (Note 7)	56,204	29,403
Net income (loss)	$ 170,647	$(94,748)

PYRAMIDWEST DEVELOPMENT CORPORATION
PARENT COMPANY ONLY
CONSOLIDATED STATEMENT OF CASH FLOW
For the Three Month Periods Ended March 31, 1992 and 1991

	1992	1991
CASH FLOW FROM OPERATING ACTIVITIES		
Net Income (loss)	$ 170,647	$(94,748)
Adjustment to reconcile net income (loss) to net cash provided by operating activities:		
Equity in (income) loss of subsidiaries	(224,237)	36,013
Increase (decrease) in other liabilities	17,730	(4,484)
(Increase) decrease in other assets	(7,373)	215
Accretion of investment security premiums	(12,465)	(8,325)
Net cash flow used by operating activities	$(55,698)	$(71,329)
CASH FLOW FROM INVESTING ACTIVITIES		
Decrease in receivable from subsidiaries	$(6,003)	15,330
Net cash flow from investing activities	$(6,003)	$ 15,330
CASH FLOW FROM FINANCING ACTIVITIES		
(Increase) decrease in amounts payable to subsidiaries	$ 58,149	$ 59,266
Increase (decrease) in cash	$(3,552)	$ 3,266
CASH AT BEGINNING OF YEAR	228,652	324,845
CASH AT END OF YEAR	$ 225,100	$ 328,112

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE CONSOLIDATED SUMMARY OF INCOME

Analysis of the Three Months Ended March 31, 1992
Compared to the Three Months Ended March 31, 1991

Commercial Banking

Marginal earnings and substandard loan classifications have caused regulatory concerns respecting adequacy of the Bank's Tier 1 capital and total capital as a percentage of assets. In connection with a proposed FDIC cease and desist order dated February 21, 1992, the Bank was required to increase Tier 1 capital to the regulatory minimums, 7% for Tier 1 capital and 9% for the total capital to assets ratio. In April, 1992, Pyramidwest purchased an additional 38,083 shares of common stock of CBL for $627,627 in order to raise the capital ratios to minimum requirements.

Pyramidwest voted its 89.66% of Bank stock to replace the Bank's Board of Directors during the first quarter, 1992 to address concerns about Bank management.

Real Estate Development and Ownership

PRM expects to collect approximately $2,000,000 in receivables from related entities which are scheduled for sale in 1992. No sales occurred during the first three months of 1992 and no assurances can be given that a sale will be completed; and if a sale is completed no assurance can be given that PRM will receive the entire $2,000,000.

Property Management

PRM discontinued its property management operations as of April 1, 1991.

Consolidated Summary of Income

Net Interest Income

Net interest income decreased slightly, $3,426, during the three month period ended March 31, 1992 as compared to the three months ended March 31, 1991. Total interest income decreased $123,770 and to total interest expense decreased $120,344 due primarily to lower market interest rates.

Non-interest income

Other operating income increased by $95,101 due to higher service charge fees.

Non-interest expense

Non-interest expense decreased by $77,084 for the three month period ended March 31, 1991 as compared to the same period in 1991. Lower salaries, wages and employee benefits and general and administrative expenses at the Banl resulted in the decrease.

PRM transferred its property management operations to a related party on April 1, 1991. Net income from discontinued operations in 1991 reflects the results of those operations through that date. In 1992, the net income from discontinued property management operations resulted from an agreement made in January, 1992 in connection with the transfer of the property management operation. The agreement stipulates that PRM will receive a lump sum payment of $163,060 on the date that the sale of the limited partnership interests occur as described in Note 11 of the Notes to Consolidated Financial Statements, in addition to monthly installments of $20,000 each beginning January 5, 1992 until the date of sale.

OTHER FINANCIAL INFORMATION

For the Three Month Period Ended March 31, 1992

The Company did not experience any material unusual charges or credits to income other than disclosed above, nor did the Company change independent public accountants during the quarter ended March 31, 1992.

PYRAMIDWEST DEVELOPMENT CORPORATION AND SUBSIDIARIES

PART II. OTHER INFORMATION

ITEM 1. Legal proceedings
No information to report.

ITEM 2. Changes in Securities
No information to report.

ITEM 3. Changes in Security for Registered Securities
No information to report.

ITEM 4. Default upon Senior Securities
No information to report.

ITEM 5. Increase in Amount Outstanding of Securities or Indebtedness
No information to report.

ITEM 6. Decrease in Amount Outstanding of Securities or Indebtedness
No information to report.

ITEM 7. Submission of Matters to a Vote of Security Holders
No information to report.

ITEM 8. Other Materially Important Events
No information to report.

ITEM 9. Exhibits and reports on form 8-K
No information to report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PYRAMIDWEST DEVELOPMENT CORPORATION

Date: May 15, 1992

Cecil C. Butler
President and Chief Executive Officer

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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FORM 10-Q

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Quarterly Report Under Section 13 or 15(d)
of The Securities Exchange Act of 1934

Q92-2238

For Quarter Ended March 31, 1992 Commission file number 0-14825

SEALRIGHT CO., INC.
(Exact name of registrant as specified in its charter)

Delaware	16-0876812
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
7101 College Boulevard, Overland Park, Kansas	66210-1891
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code 913-344-9000

Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

(1) Yes X No ____ (2) Yes X No ____

As of March 31, 1992, Sealright Co., Inc. had 11,057,627 shares of Common Stock outstanding. The market value of stock held by non-affiliates is approximately $124,911,000.

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SEALRIGHT CO., INC. AND SUBSIDIARIES

FORM 10-Q

APRIL 24, 1992

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

INTRODUCTORY COMMENTS

The Consolidated Financial Statements included herein have been prepared by Management, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although Management believes that the disclosures are adequate to enable a reasonable understanding of the information presented. It is suggested that these Consolidated Financial Statements be read in conjunction with the financial statements and the notes thereto included in the Company's Annual Report on Form 10K, for the year ended December 31, 1991.

SEALRIGHT CO., INC. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER ENDED MARCH 31, 1992 and 1991
(In Thousands Except Per Share Data)
(Unaudited)

	1992	1991
Net Sales	$65,862	$60,333
Cost of Sales	50,679	47,424
Gross Profit	15,183	12,909
Selling, General & Admin. Expense	9,015	7,618
Operating Income	6,168	5,291
Interest Expense	783	1,068
Other Expense	464	411
	1,247	1,479
Income Before Provision for Income Taxes	4,921	3,812
Provision for Income Taxes	2,074	1,686
Net Income	$ 2,847	$ 2,126
Net Income Per Share	$ 0.26	$ 0.19
Dividends Declared Per Share	0.10	0.09
Average Number of Common and Common Equivalent Shares Used For Per Share Calculation	11,086	11,073

SEALRIGHT CO., INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
MARCH 31, 1992 and DECEMBER 31, 1991
(In Thousands)
(Unaudited)

ASSETS

	March 31, 1992	December 31, 1991
Current Assets		
Cash	$ 3,336	$ 4,516
Accounts Receivable	19,991	16,537
Inventories (Note 3)	32,411	30,399
Other Current Assets	3,253	2,521
Total Current Assets	58,991	53,973
Property, Plant & Equipment	134,812	131,622
Less: Accumulated Depreciation	45,010	42,659
Total Property, Plant and Equipment	89,802	88,963
Intangibles	14,465	14,879
Pension Assets	1,857	1,740
TOTAL ASSETS	$ 165,115	$159,555

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31, 1992	December 31, 1991
Current Liabilities		
Current Maturities of Long-Term Debt	$ 5,309	$ 5,064
Accounts Payable	10,805	7,789
Accrued Vacation	3,192	2,876
Accrued Workers' Compensation Reserve	1,632	1,398
Accrued Income Taxes	1,798	406
Accrued Liabilities	3,555	3,368
Total Current Liabilities	26,291	20,901
Long-Term Debt	38,252	39,801
Deferred Income Taxes	9,614	9,636
Stockholders' Equity		
Common Stock, Par Value $.10 Authorized 20,000,000 shares: issued and outstanding 11,057,627 as of March 31, 1992 and December 31, 1991, respectively	1,106	1,106
Paid-In Capital	14,673	14,673
Retained Earnings	75,179	73,438
Total Stockholders' Equity	90,958	89,217
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$165,115	$159,555

SEALRIGHT CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED MARCH 31, 1992 and MARCH 31, 1991

(In Thousands)
(Unaudited)

	1992	1991
Cash Flows from Operating Activities		
Net Income	$ 2,847	$ 2,126
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation & Amortization	3,183	2,865
Deferred Tax Provision	1,370	59
LIFO	845	290
Loss from Disposal of Equipment	1	15
Changes in Assets and Liabilities:		
Accounts Receivable, Net	(3,453)	(3,342)
Inventories	(2,857)	(4,086)
Accounts Payable	3,016	(141)
Other	(108)	1,409
Total Adjustments	$ 1,997	$(2,931)
Net Cash Provided by (Used In) Operating Activities	$ 4,844	$ (805)
Cash Flows from Investing Activities		
Capital Expenditures	$ (3,600)	$ (5,022)
Proceeds from Disposal of Equipment	4	24
Net Cash Used in Investing Activities	$ (3,596)	$ (4,998)
Cash Flows from Financing Activities:		
Net Borrowings Under Revolving Credit Agreement	$ -0-	$ 6,500
Bank Overdraft (Repayment)	-0-	(513)
Proceeds from Common Stock Issued	-0-	116
Principal Payments of Long-Term Debt	(1,308)	(1,010)
Dividends Paid	(1,106)	(994)
Other	(14)	-0-
Net Cash Provided by (Used In) Financing Activities	$(2,428)	$ 4,099
Net Decrease in Cash	$(1,180)	$(1,704)
Cash, Beginning of Year	4,516	2,647
Cash, End of Quarter	$ 3,336	$ 943

SEALRIGHT CO., INC. AND SUBSIDIARIES

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MARCH 31, 1992

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - FINANCIAL STATEMENT PRESENTATION

In the opinion of Management, the accompanying unaudited consolidated financial statements contain normal interim adjustments necessary to present fairly the financial position of Sealright Co., Inc. and Subsidiaries as of March 31, 1992 and December 31, 1991, and the results of their operations for the quarters ended March 31, 1992 and 1991.

NOTE 2 - ACCOUNTING PRINCIPLES AND POLICIES

The accompanying financial statements have been prepared consistent with the accounting principles and policies described more fully in Note 1 of the Company's Annual Report for the year ended December 31, 1991.

NOTE 3 - INVENTORIES

Inventories at March 31, 1992 and December 31, 1991, were:

	1992	1991
	(In Thousands)	
Inventories Carried on LIFO Basis		
Raw Materials	$13,429	$12,065
Work-in-Process	5,067	6,301
Finished Goods	15,064	12,737
	$33,560	$31,103
LIFO Reserve	(6,299)	(5,454)
Inventories Carried on LIFO Basis	$27,261	$25,649
Inventories Carried on Average or FIFO Basis	5,150	4,750
	$32,411	$30,399

NOTE 4 - STATEMENT OF CASH FLOWS

Supplemental cash flow information is (in thousands):

	1992	1991
Interest Paid (Net of Amount Capitalized)	$ 870	$1,026
Income Taxes Paid	575	187

Item 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations

Net sales for the first quarter ended March 31, 1992 were $65.9 million, an increase of 9.3% over first quarter 1991 sales of $60.3 million. The increase of $5.6 million resulted from increased volume in the major product lines for frozen desserts and a significant volume increase in flexible plastic packaging and labeling.

The gross profit percentage increased from 21.4% to 23.1% for the first quarter of 1992 compared to 1991. This increase is attributable primarily to greater productivity resulting from plant reorganization, new equipment and other capital improvements in manufacturing. The Company's Western Division rigid plastics plant showed significant improvement following the 1991 reorganization during the latter half of the year. In addition, revenues obtained from the completion of a national game promotion favorably influenced the gross profit.

Selling, general and administrative expenses increased from 1991. The increase reflects additions to the workers' compensation reserve, expenses related to correcting recent environmental issues, management training programs and an increase in research and development.

Interest expense has decreased due to less indebtedness and the conversion of the debt to a fixed rate of interest which was lower than the prevailing floating rate during the first quarter of 1991.

The 1991 third quarter 10-Q reported the notification by Phillips Petroleum Company, the former parent company, of a potential $1.5 million reimbursement resulting from the completion of the Federal Income Tax Audit covering the years 1975 through 1982. This claim from Phillips Petroleum Company has been finalized and a settlement payment of $131,000 was made during the first quarter of 1992.

The Company has been identified as a potentially responsible party (PRP) at several locations by the Environmental Protection Agency. The effect on Company operations is not expected to be material in any way due to the nominal quantities of the Company's wastes involved at the sites and because other corporations included as primary PRP's at each location have greater resources available to satisfy their potential obligations.

Liquidity and Capital Resources

During the first quarter of 1992, all working capital needs were fulfilled through internally generated funds. A line of credit, with a limit of $25.0 million, is available and the balance available for borrowing is $25.0 million. It is anticipated the second quarter borrowing needs will be minimal.

PART II - OTHER INFORMATION

Item 1.) Legal Proceedings

None

Item 2.) Changes in Securities

None

Item 3.) Defaults Upon Senior Securities

None

Item 4.) Submission of Matters to a Vote of Securities Holders

None

Item 5.) Other Materially Important Events

None

Item 6.) Exhibits and Reports on Form 8-K

None

SALES OF UNREGISTERED SECURITIES

NONE

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SEALRIGHT CO., INC.

Date: May 1, 1992

Marvin W. Ozley

By: Marvin W. Ozley
Chairman of the Board

Date: May 1, 1992

By: John L. Wempe
Vice President Finance

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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QUARTERLY REPORT UNDER SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

FOR QUARTER ENDED MARCH 31, 1992

Commission File No. 33-24494-S

SEA WOLF VENTURES, INC.
(Exact name of Registrant as specified in its Charter)

Colorado (State or other jurisdiction of incorporation or organization)	91-1416223 (I.R.S. Employer Identification No.)

2530 South Parker Road, Suite 105
Aurora, Colorado 80014-1628

(Address of principal executive offices)

Telephone No.: (303) 755-2002

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SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d) of
the Securities Exchange Act of 1934

For the quarter year ended March 31, 1992

Commission file number 33-24494-S

SEA WOLF VENTURES, INC.
(Exact name of registrant as specified in its charter)

Colorado
(State or other jurisdiction of incorporation or organization)

91-1416223
(I.R. S. Employer Identification No.)

2530 South Parker Road, Suite 105
Aurora, Colorado
(Address of principal executive offices)

80014-1628
(Zip Code)

(303) 755-2002
(Registrant's telephone number, including area code)

1801 N.E. 99th Street, #4, Vancouver, WA 98665
(Former name, former address and former fiscal year, if changed since last year)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No __

The number of shares outstanding of each of the registrant's Common Stock, $.0001 par value, on March 31, 1992, as 75,500,000.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements:

Balance Sheet
Statement of Operations
Statement of Stockholder's Equity
Statement of Cash Flow
Notes to Financial Statements

Financial Statements commence on F-1.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Liquidity and Capital Resources.

At March 31, 1992, the Company had working capital of $62,909, consisting of current of current assets of $63,026 less current liabilities of $2,801. The current assets consist of cash which management of the Company intends to utilize for working capital as needed. Management of the Company is of the opinion that the Company's current assets are sufficient to satisfy the Company's working capital needs for the foreseeable future.

Results of Operations.

For the period from June 30, 1988 (inception of the Company) to March 31, 1992, the Company realized a net loss of $59,879 on revenues of $16,793 and expenses of $76,672. Revenues during the period consisted entirely of interest income on funds held on account by the Company and expenses consisted primarily of professional fees and other miscellaneous expenses. The Company has an oral lease with its legal counsel to provide it with office space and other necessary administrative services, on a limited basis, for $250 per month. Management is of the opinion that the Company will continue to incur losses until such time, if ever, as the Company successfully completes a business combination.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

None

Item 2. Changes in Securities

None

Item 3. Defaults upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders.

None

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K.

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report on form 10-Q to be signed on its behalf by the undersigned hereunto duly authorized.

SEA WOLF VENTURES, INC.

BY__________________________ Date May 15, 1992

Emily Harris, President

SEA WOLF VENTURES, INC.
(A Development Stage Company)
BALANCE SHEET

	(unaudited) March 31, 1992	(audited) December 31, 1992
ASSETS		
CURRENT ASSETS:		
Cash	$ 62,909	$ 70,832
Total Current Assets	62,909	70,832
OTHER ASSETS:		
Prepaid Expenses		
organization costs	117	142
Total Other Assets	117	142
TOTAL ASSETS	$ 63,026	$ 70,974
LIABILITIES & STOCKHOLDERS' EQUITY		
LIABILITIES:		
Account Payables	$ 2,801	$ 9,677
Total Liabilities		9,677
STOCKHOLDERS' EQUITY:		
Preferred Stock, authorized 50,000,000 shares, $.0001 par value, none issued		
Common Stock-Series A Authorized 250,000,000 shares, $.0001 par value, issued 75,500,000 shares	7,550	7,550
Common Stock-Series B Authorized 250,000,000 shares, $.0001 par value, none issued		
Capital in excess of par value	112,554	112,554
Deficit accumulated during the development stage	(59,879)	(58,807)
Total Stockholders' Equity	60,225	61,297
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 63,026	$ 70,974

The Accompanying Notes Are An Integral Part of These Financial Statements.

SEA WOLF VENTURES, INC.
(A Development Stage Company)
STATEMENT OF OPERATIONS

	(Inception) June 20, 1988 To December 31, 1991	Three Months Ended March 31, 1992	(Inception) June 20, 1988 To March 31, 1992
REVENUES:			
Interest Income	$ 16,090	$ 703	$ 16,793
OPERATING EXPENSES:			
Professional Fees	8,000	--	8,000
Legal Fees	25,855	--	25,855
Printing Expenses	1,325	--	1,325
Bank Charges	79	--	79
Amortization Expense	358	25	383
Market Research	10,000	-	10,000
Merger Consultant	10,000	1,000	18,275
Licenses and Fees	2,805	--	2,805
Postage	56	--	56
Conferences	894	--	894
Rent Expense	8,250	750	9,000
TOTAL OPERATING COSTS	74,897	1,775	76,672
NET LOSS	$(58,807)	$(1,072)	$(59,879)
	*	*	*

*Net loss less than $.01 per share

The Accompanying Notes Are An Integral Part of These Financial Statements.

SEA WOLF VENTURES, INC.
(A Development Stage Company)
STATEMENT OF STOCKHOLDERS' EQUITY

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
Inception - June 20, 1988					
Organization Costs	--	--	500	--	500
Issuance to Founders cash/services-June 20, 1988 ($.0001) per share	60,000,000	6,000	1,500	--	7,500
Sale of stock for cash-March 1989 ($.01 per share)	15,000,000	1,500	148,500	--	150,000
Sale of stock for cash-March 30, 1989 ($.005 per share)	500,000	50	2,450	--	2,500
Offering costs	--	--	(40,396)	--	(40,396)
Net Loss - December 31, 1988	--	--	--	(1,592)	(1,592)
Net Loss - December 31, 1989	--	--	--	(6,360)	(6,360)
Net Loss - December 31, 1990	--	--	--	(32,141)	(32,141)
Net Loss - December 31, 1991	--	--	--	(18,714)	(18,714)
Net Loss - March 31, 1992	--	--	--	(1,072)	(1,072)
Balance - March 31, 1992	75,500,000	$7,550	$112,554	($58,879)	$60,225

The Accompanying Notes Are An Integral Part of These Financial Statements.

SEA WOLF VENTURES, INC
(A Development Stage Company)
STATEMENT OF CASH FLOWS
Increase (Decrease) in Cash and Cash Equivalents

	(Inception) June 20, 1988 to March 31, 1991	Three Months Ended March 31, 1992	Cumulative (Inception) June 20) 1988 to March 31, 1992
Cash flows from operating activities:			
Net Loss	$(58,807)	$(1,072)	$(59,879)
Adjustments to reconcile net loss to Cash provided by operating activities:			
Amortization	358	25	383
Increase in Organization Costs	(500)	-	(500)
Prepaid Expenses	--	7,275	--
Increase (Decrease) in Accounts Payable	9,677	6,876	2,801
Total adjustments	9,535	6,851	2,684
Net cash used in operating activities	(49,272)	(7,923)	(57,195)
Cash flows from financing activities:			
Net proceeds from the issuance of common stock	160,000	--	160,000
Organizational Costs	500	--	500
Offering Costs	(40,396)	--	(40,396)
Net cash provided by financing activities	120,104	--	120,104
Increase in cash and cash equivalents	70,832	(7,932)	62,909
Cash and cash equivalents at beginning of year	--	70,832	--
Cash and cash equivalents at end of year	$70,832	$69,909	$62,909

The Accompanying Notes Are An Integral Part of These Financial Statements.

SEA WOLF VENTURES, INC.
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992

Note 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Sea Wolf Ventures, Inc., a Colorado corporation, was incorporated June 20, 1988, and since its inception, the Company has been in the development stage. The Company's year end is December 31. The Company's primary intended activity is to engage in all aspects of review and evaluation of private companies, partnerships or sole proprietorships for the purpose of completing mergers or acquisitions with the Company, and to engage in mergers and acquisitions with any or all varieties of private entities. As of the balance sheet date, the Company had not commenced operations and, therefore, had no revenues.

The Company amortizes its organization costs over a period of five years using the straight-line method.

Note 2. **PUBLIC OFFERING**

The Company sold 15,000,000 units at $.01 per Unit, pursuant to a Public Offering (Offering), for aggregate proceeds of $150,000. Costs directly related to the Offering ($40,396) have been charged against the proceeds of the offering. Each unit consists of one share of Series A Common Stock and one Class A Common Stock Purchase Warrant. Each A-Warrant is exercisable for 24 months from the prospectus date, at a price of $.05, entitles the purchaser thereof to one share of Series A Common Stock and one Class B Stock Purchase Warrant. Each B- Warrant is exercisable for 24 months from the prospectus date, at a price of $.10, entitles the purchaser thereof to one share of Series A Common Stock. The A-Warrants and B-Warrants are in registered form and upon issuance are immediately detachable. The Board may redeem any or all of either Warrant upon 14 days written notice, reduce the exercise price thereof and indefinitely extend the exercise period thereof. The Warrants can be exercised or redeemed only if a current prospectus is then in effect.

Note 3. **RELATED PARTY TRANSACTIONS**

During 1988, the Company issued 60,000,000 shares of its $.0001 par value Series A Common Stock to its officers, directors and certain private investors in exchange for services rendered valued at $500 and cash of $7,500.

The Company currently uses approximately 100 square feet of office space leased by its attorney for which rent is accruing at $250 per month commencing April 1, 1989. The rent payable at March 31, 1992, is $250.

Note 4. PREFERRED STOCK

The Company is authorized to issue 50,000,000 shares of Preferred Stock, $.0001 par value. No Preferred Stock has been issued by the Company at the date of this Prospectus. Shares of Preferred Stock may be used in consummating a business combination. The Company's Articles of Incorporation permit the Board of Directors to issue the Preferred Stock in series with the rights and privileges to be determined by the Board of Directors at time of issuance.

Note 5. UNDERWRITERS' STOCK PURCHASE AGREEMENT

The Underwriter purchased 500,000 shares at $.005 per share based upon the agreement that the Underwriter was entitled to purchase an amount of the Company's common stock equal to one share of common stock for every 30 units sold in the public offering, not to exceed 500,000 shares.

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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FORM 10-Q

C92-2238

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

92 15 6122

For the quarterly period ended

March 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from to________to________

PRO[illegible]D BY
14-13-V
MAY 1992

Commission file number 0-15125

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Q-Data Corp. - St. Petersburg, FL

SPINNAKER SOFTWARE CORPORATIO

(Exact name of registrant as specified in its charter)

MINNESOTA	41-1435413
(State or other jurisdiction of incorporation or organization)	(I.R.S.Employer Identification No.)
201 Broadway, Cambridge, MA	02139
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number including area code: (617)494-1200

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes X NO________

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Common Stock, $.01 par value per share, outstanding as of April 30, 1992: 11,609,603

Total of Sequentially Numbered Pages: 14
Exhibit Index on Page: 13

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SPINNAKER SOFTWARE CORPORATION

FORM 10-Q

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

SPINNAKER SOFTWARE CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	March 31, 1992 (Unaudited)	June 30, 1991
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,223,434	$ 1,351,313
Accounts receivable, less allowance for doubtful accounts of $465,000 and $506,000	6,685,409	4,549,350
Inventories	965,112	649,723
Prepaid expenses	382,949	133,728
Total current assets	10,256,904	6,684,114
Other assets:		
Royalty advances, less accumulated amortization and allowance for losses of $ 631,000 and $1,360,306	1,015,456	815,895
Capitalized software and production costs, less amortization of $2,778,000 and $1,367,848	3,494,330	2,985,785
Trademarks, trade names and distribution rights, less amortization of $1,163,775 and $341,596	4,389,564	5,051,067
Total other assets	8,899,350	8,852,747
Equipment, fixtures and leasehold improvements:		
Machinery and equipment	1,479,848	1,205,122
Furniture, fixtures and leasehold improvements	329,826	164,685
	1,809,675	1,369,807
Less accumulated depreciation and amortization	872,797	651,104
	936,878	718,703
Goodwill, less accumulated amortization of $ 335,894 and $237,335	1,076,799	1,000,976
	$21,169,931	$17,256,540
	=========	=========

SPINNAKER SOFTWARE CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	March 31, 1992	June 30, 1991
	(Unaudited)	
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 4,246,262	$ 3,054,484
Accrued royalties	1,924,001	1,315,589
Allowance for estimated returns	625,804	693,303
Total current liabilities	6,796,067	5,063,376
Subordinated debt -Phemus Corporation	6,995,050	6,348,696
Stockholders' equity:		
Common stock, $.01 per value: authorized 20,000,000 shares, issued 11,598,262 and 11,548,712	115,982	115,487
Additional paid-in capital	26,009,238	25,756,433
Deficit	(18,841,409)	(19,923,877)
Foreign currency translation adjustment	95,003	(103,575)
Total stockholders' equity	7,378,814	5,844,468
	$ 21,169,931	$ 17,256,540
	=========	==========

See Accompanying Notes to Unaudited Consolidated Financial Statements

SPINNAKER SOFTWARE CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended		Nine Months Ended	
	March 31, 1992	March 31, 1991	March 31, 1992	March 31, 1991
Net sales	$7,958,865	$4,428,526	$23,216,134	$9,231,609
Gain on Sale of Product Line	—	—	—	245,022
Total Net Revenue	7,958,865	4,428,526	23,216,134	9,476,631
Cost of goods sold	2,727,606	1,718,445	8,302,650	3,779,402
Gross Profit	5,231,259	2,710,081	14,913,484	5,697,229
Selling, general and administrative	4,709,507	2,462,775	13,151,626	6,408,644
Interest expense, net of interest income	218,274	136,485	611,741	363,048
Income (loss) before income taxes	303,478	110,821	1,150,117	(1,074,463)
Income taxes	14,650	—	67,650	—
Net income (loss)	$288,828	$110,821	$1,082,467	($1,074,463)
Net income (loss) per common share and commonequivalent share (primary and fully diluted)	$ .02	$.01	$ .08	($.11)
Common and common equivalent shares used in calculation of net income (loss) per share (primary and fully diluted)	14,838,084	13,254,547	13,810,817	9,873,113

See Accompanying Notes to Unaudited Consolidated Financial Statements.

SPINNAKER SOFTWARE CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended March 31,1992	 March 31,1991
Cash flows from operating activities:		
Net income (loss)	$ 1,082,467	($1,074,463)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	2,987,406	1,263,451
Deferred interest	646,354	168,223
Gain on sale of product line	—	(245,022)
Changes in:		
Accounts receivable	(2,136,060)	(702,885)
Inventories	(315,389)	373,280
Prepaid expenses	(249,221)	(31,086)
Accrued liabilities	1,732,691	(136,542)
Total adjustments	2,665,781	689,419
Net cash provided by (used for) operating activities	3,748,248	(385,044)
Cash flows from investing activities:		
Sale (purchase) of equipment, fixtures and leasehold improvements, net	(440,606)	(79,967)
Royalty advances	(630,463)	(139,666)
Capitalized software and production costs	(1,894,510)	(902,109)
Net cash used for investing activities	(2,965,579)	(1,121,742)
Cash flows from financing activities:		
Net borrowings from term note	—	1,000,000
Net borrowings (repayment) under line of credit	—	(875,729)
Net proceeds from exercise of employee Stock Options	89,452	319,783
Net proceeds from sale of product line	—	760,000
Net cash provided by financing activities	89,452	1,204,054
Increase (Decrease) in cash and cash equivalents	872,121	(302,732)
Cash and cash equivalents, beginning of period	1,351,313	920,515
Cash and cash equivalents, end of period	$2,223,434	$ 617,783
Supplemental disclosure of cash flow information:		
Interest paid during the period	$ 138,000	$ 69,000

See accompanying Notes to Unaudited Consolidated Financial Statements.

SPINNAKER SOFTWARE CORPORATION AND SUBSIDIARY
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and footnotes required by generally accepted accounting principles. In the opinion of management, all adjustments (consisting of normal recurring "entries" or "adjustments") considered necessary for a fair presentation have been included.

2. The unaudited consolidated financial statements should be read in conjunction with the financial statements for the fiscal period ended June 30, 1991 as filed in the Form 10-K which was filed by the Company on September 30, 1991.

3. The Company follows the provisions of Financial Accounting Standards Board Statement No. 96 in accounting for income taxes. There is no tax effect the quarter and nine months ended March 31, 1991. The quarter and nine months ended March 31, 1992 income tax expense is less than the Federal statutory rate due to the impact of net operating loss carryfowards.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion pertains to Spinnaker's results of operations and financial condition for the three months and nine months ended March 31, 1992, compared to the three months and nine months ended March 31, 1991 and should be read in connection with Spinnaker's unaudited financial statements and related notes contained in this report.

Results of Operations

The following table sets forth, for the periods indicated, certain expenses and other items in Spinnaker's statements of operations as a percent of net sales:

	Three Months Ended		Nine Months Ended	
	March 31, 1992	March 31, 1991	March 31, 1992	March 31, 1991
Net Revenue	100%	100%	100%	100%
Cost of sales	34.3	38.8	35.8	39.9
Gross profit	65.7	61.2	64.2	60.1
Selling, general and administrative expenses	59.2	55.6	56.6	67.6
Operating Income (loss)	6.5	5.6	7.6	(7.5)
Interest expense	2.7	3.1	2.6	3.8
Income taxes	.2	—	.3	—
Net income (loss)	3.6	2.50	4.7	(11.3)

Net Revenue. Spinnaker's net revenue for the three months ended March 31, 1992 was $7,958,865 as compared to $4,428,526 for the three months ended March 31, 1991. Net revenue for the nine months ended March 31, 1992 was $23,216,134 as compared to $9,476,631 for the nine months ended March 31, 1991. The increase in revenue for the quarter can be attributed to continued strong sales of PFS: WindowWorks, PFS: Resume and Job Search Pro, PFS: Write, and the more established PFS: brand products-- PFS: First Choice and PFS: First Publisher. In addition, during the quarter ended March 31, 1992, the Company generated significant sales from the introduction of eight new products. The new product offerings included PFS: Publisher, PFS: Business Plan, PFS: Prospect and five titles marketed under the Easy Working for Windows series of products. The PFS: Division continued to have very strong sales through OEM distribution channels, specifically bundling arrangements with personal computer hardware manufacturers. The PLUS product line accounted for approximately $500,000 in net revenue for the quarter ended March 31, 1992 compared to approximately $ 200,000 for the quarter ended March 31, 1991. The major portion of revenue generated in the PLUS division was from shipments of Personal Access, the Company's database access and application development tool. The Company also recorded $650,000 of net revenue on the sale of several non-strategic products in its productivity line.

Gross Profit Gross profit as a percentage of net revenue was 65.7% for the three months ended March 31, 1992 as compared to 61.2% for the three months ended March 31, 1991, and was 64.2% for the nine months ended March 31, 1992, as compared to 60.1% for the nine months ended March 31, 1991. The increase in gross profit percentage for the quarter and the year to date is due primarily to a change in the revenue mix to higher price, higher margin PFS: products and PLUS products. The increase is somewhat offset by higher OEM revenues which generate lower margins than do full product sales.

Selling General and Administrative Selling general and administrative expenses for the quarter ended March 31, 1992 were $4,709,507, or 59.2% of net revenue, as compared to $2,462,775, or 55.6% of net revenue, for the quarter ended March 31, 1991, and were $13,151,626, or 56.6% of net revenue, for the nine months ended March 31, 1992, as compared to $6,408,644 for the nine months ended March 31, 1991, or 67.6% of net revenue. Selling, general and administrative expenses have increased in absolute dollar amounts on a quarter and year to date basis due to increased staffing in sales, marketing, product support and product development in both the PFS: and PLUS divisions. In addition to the increased staffing, the Company has increased its spending on cooperative advertising, trade advertising, package development, promotional activities, and direct mail by approximately $2,100,000 over the prior fiscal year. Lastly, due to acquisitions made in fiscal 1991, expenses for amortization of trademarks and trade names were approximately $270,000 and $810,000 for the quarter and nine months ended March 31, 1992, respectively; for the comparable periods of 1991 these expenses totaled approximately $108,000. Selling, general and administrative expense as a percentage of net revenue decreased comparatively on a year to date basis due to the higher sales volumes.

Interest Expense Interest Expense was $218,274 for the quarter ended March 31, 1992 as compared to $136,485 for the quarter ended March 31, 1991, and $611,741 for the nine months ended March 31, 1992, as compared to $363,048 for the period ended March 31, 1991. The increase in interest expense is due to increased levels of outstanding subordinated debt. During fiscal 1991, an additional $3 million in subordinated debt was borrowed from Phemus Corporation (an affiliate of Harvard Management Company and one of the Company's principal stockholders) in two increments: $1 million on November 9, 1990 and $2 million on April 16, 1991. Both notes bear annual interest at 14% rate payable upon maturity.

Net Income Spinnaker posted net income of $288,828 or $ .02 per share, for the quarter ended March 31, 1992 as compared to net income of $110,821, or $.01 per share for the quarter ended March 31, 1991, and net income of $1,082,467, or $.08 per share, for the nine months ended March 31, 1992 as compared to a net loss of $1,074,463, or $(.11) per share, for the nine months ended March 31, 1991. For the nine months ended March 31, 1991, the Company's results during the quarter ended March 31, 1991 reflected the acquisition of the PFS: product line from Software Publishing Corporation (in January 1991) and the initial shipments of the Company's PFS: WindowWorks product. The increase in net income on a quarter and year to date basis in 1992 is due to the continued strong PFS: division sales and increasing PLUS division revenues, both of which contributed higher gross margins in 1992 compared to the prior fiscal periods. In addition, selling, general and administrative expenses were held to much lower percentage of net revenue on a year to date basis and a slight increase on a quarter to quarter comparison.

Liquidity and Capital Resources Spinnaker's working capital as of March 31, 1992 was $3,460,838, an increase of $1,151,745 from June 30, 1991. This increase is attributable to the increased revenue from the PFS: and PLUS divisions as previously discussed. The Company is still considering opportunities to obtain additional equity financing and/or to establish commercial lending arrangements.

Part II - OTHER INFORMATION

Item 1. Legal Proceedings.

On April 27, 1992, Software Publishing Corporation ("SPC"), a principal stockholder of the registrant, filed a Demand For Arbitration (the "Demand") against the registrant with the American Arbitration Association in San Francisco, California. The Demand alleges that the registrant has unreasonably delayed the registration of shares of the the registrant's Common Stock held by SPC in violation of a certain Asset Purchase Agreement and Registration Rights Agreement entered into between the registrant and SPC in January 1991. The Demand seeks injunctive relief against the registrant as well as damages in an unspecified amount. On May 11, 1992, the registant requested that the venue of the arbitration proceedings be transferred to Boston, Massachusetts, and on May 15, 1992 filed an Answer and Counterclaim with the American Arbitration Association in Boston. After consultation with counsel, it is management's belief that the registrant has meritorious defenses to SPC's claims and that, in any event, the probable outcome of the arbitration will not materially adversely affect the registrant or its operations.

Item 4. Submission of Matters to a Vote of Security - Holders

At the Special Meeting in lieu of Annual Meeting of Stockholders of the Company (the "Annual Meeting") held on March 17, 1992, a majority of the Company's stockholders approved the Company's 1991 Stock Plan, pursuant to which options and other rights for the purchase of up to an aggregate of 500,000 shares of the Company's Common Stock, $.01 per value per share, may be granted to employees, including officers, directors and consultants of the Company. A total of 7,716,538 shares, or 66.6% of the Company's issued and outstanding Common Stock as of the date of the Annual Meeting, voted for approval of the 1991 Stock Plan, and 959,505 shares, or 8.3%, voted against approval of the 1991 Stock Plan.

Item 6. Exhibits and Reports on Form 8-K

(a) The following exhibits required by Item 601 of Regulation S-K are filed as part of this quarterly report on Form 10-Q:

11.Statement regarding computation of per share earnings.

(b) No reports on Form 8-K were filed during the quarter ended March 31, 1992

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SPINNAKER SOFTWARE CORPORATION

By:
E. Ronald Goldfuss
Vice President and
Chief Financial Officer

May 19, 1992

Exhibit Index

Exhibit Number		Page number in sequentially numbered copy
11	Statement regarding Computation of Per Share Earnings	14

Exhibit 11

SPINNAKER SOFTWARE CORPORATION AND SUBSIDIARY

Computation of average number of shares outstanding used in determining income (loss) per share

	Three Months Ended		Nine Months Ended	
	March 31, 1992	March 31,1991	March 31,1992	March 31,1991
	(Primary and Fully Diluted)		(Primary and Fully Diluted)	
Net income (loss)	$ 288,828	$ 110,827	$ 1,082,461	($1,074,463)
Weighted average number of common shares outstanding	11,583,777	11,000,792	11,562,123	9,973,113
Assumed conversion of all dilutive common stock equivalents based on average market value	3,254,307	2,253,755	2,248,694	(A)
Weighted average number of shares used in per share computation	14,838,084	13,254,547	13,810,817	9,873,113
Income (loss) per share	$ .02	$.01	$ .08	($.11)

Notes to computations of income (loss) per share:

(A) No impact included due to result for the periods; inclusion would be antidilutive.

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SECURITIES AND EXCHANGE COMMISSION P.C. 12/31/91

Washington, D.C. 20549

RG2-2238

AMENDMENT TO APPLICATION OR REPORT

PROCESSED BY
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Filed pursuant to Section 12, 13, or 15(d) of
The Securities Exchange Act of 1934

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Q-Data Corp. - St. Petersburg, FL

SUMMIT ENVIRONMENTAL GRO
(Exact name of registrant as specified in charter)

AMENDMENT NO. 1

The undersigned registrant hereby amends the following items, exhibits, financial statements, or other portions of its Quarterly Report dated February 12, 1992 on Form 10-Q as set forth on the pages attached hereto:

PART I - FINANCIAL INFORMATION

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this amendment to be signed on its behalf by the undersigned, thereunto duly authorized.

SUMMIT ENVIRONMENTAL GROUP, INC.

By: Lynne M. Rogers

Lynne M. Rogers
Senior Vice President, Treasurer, and Chief Financial Officer

Date: February 24, 1992

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ITEM 2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Net service revenues of $13,782,000 and $26,215,000 for the three and six-month periods ended December 31, 1991 represent increases of 16.0% and 13.2%, respectively, over the comparable periods from the prior year. Approximately one-half of the increased revenues over 1990 was generated by internal growth, with the other half being attributable to the acquisition of two branch offices. The internal growth was realized primarily through volume increases.

Operating margins are very comparable for all periods presented. While the operating margin of 10.3% for the six-month period ended December 31, 1991 is lower than the 11.1% margin for the same period in 1990, the 11.3% operating margin for the three-month period ended December 31, 1991 exceeds that of 11.0% realized in 1990. With regard to the comparable three-month periods, utilization was consistent at over 61%. The Company has experienced a slight decrease in the billing factor realized on direct labor in 1991 due to market conditions. The operating margin for the six months ended December 31, 1991 was higher than the same period in 1990 as a result of utilization increasing over 2% in 1991 to slightly over 62%. This increase in billable hours in 1991 has been partially offset by the lower billing factors previously discussed. The relationship of both direct labor and general and administrative expenses to net service revenues has remained relatively constant during all periods presented, ranging between 84.1% and 85.3%.

Interest cost as a percentage of net service revenues was slightly over 6% for each period in 1991 as compared to 5.9% during 1990. This increase is partly a result of additional borrowings incurred in conjunction with branch acquisitions, and in part due to the write-off of unamortized loan fees in connection with the refinancing of the revolving credit agreement at one of the Company's subsidiaries. These increased financing costs contributed to pre-tax income as a percentage of net service revenues for the three months ended December 31, 1991 of 4.2% to be lower than the 5.0% return in 1990. For the six months ended December 31, 1991, the stronger operating margins overcame higher financing costs as the pre-tax margin of 5.2% exceeded the 4.6% realized for the same period in 1990. Net income was $398,000 for the three months ended December 31, 1991 as compared to $288,000 in 1990. For the six-month periods, net income was $600,000 in 1991 and $631,000 in 1990.

The negative cash flow from operating activities experienced during the six-month period resulted from a combination of short-term working capital movements, the most significant of which include reductions in accounts payable and other accrued expenses.

Changes in Financial Condition

Working capital was $12,916,000 at December 31, 1991, an increase of $3,114,000 since June 30, 1991. This increase is primarily due to decreases in accounts payable and accrued expenses. This working capital increase was funded largely by increases in the Company's revolving credit facilities.

Borrowings under the Company's revolving credit facilities have increased by $4.1 million since June 30, 1991. Aside from funding increased working capital, $1.1 million of borrowings were required for purchase of equipment and $1.9 million was used to acquire a branch operation in November, 1991. Additional available borrowings under revolving credit facilities at December 31, 1991 totalled approximately $5.0 million. Cash provided by operating activities and the funds available under these revolving credit facilities is expected to be sufficient to fund working capital needs, debt service requirements, and capital expenditure programs during the next twelve months, as well as provide for acquisition funding.

In conjunction with the acquisition of the branch office in November, 1991, the Company issued $800,000 in unsecured notes to the former shareholders and also issued 266,666 shares of common stock. Other than this and the increased borrowings under the revolving credit agreements previously discussed, there have been no significant changes to any other long-term obligations or capital accounts since June 30, 1991.

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended May 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________ to ______________

Commission file number 0-4234

VACATION SPA RESORTS, INC.
(Exact name of registrant as specified in its charter)

Tennessee	62-0790587
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

4310 Paradise Road, Las Vegas, Nevada 89109
(Address of principal executive offices)
(Zip Code)

(702) 737-3700
(Registrant's telephone number, including area code)

____
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No ___

APPLICABLE ONLY TO CORPORATE ISSUERS:

As of July 2, 1992, 17,396,185 shares of Registrant's common stock were outstanding.

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VACATION SPA RESORTS, INC. AND SUBSIDIARIES

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VACATION SPA RESORTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands of dollars)

	May 31, 1992 (Unaudited)	August 31, 1991 (Audited)
ASSETS		
Cash and cash equivalents	$ 795	$ 705
Contracts and notes receivable, net of allowance for cancellation of $4,974 and $4,731 at May 31, 1992 and August 31, 1991, respectively	23,347	22,443
Timeshare interests and lots held for sale	2,120	3,268
Property and equipment, at cost, net of accumulated depreciation of $1,031 and $992 at May 31, 1992 and August 31, 1991, respectively	125	477
Receivable from parent company	5,658	2,937
Deposits, deferred selling costs and other assets	1,218	882
TOTAL ASSETS	$ 33,263	$ 30,712
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Notes and contracts payable	$ 15,450	$ 14,462
Accounts payable and accrued liabilities	1,141	912
Total liabilities	16,591	15,374
Shareholders' equity:		
Preferred stock, liquidation preference of $7,766 at May 31, 1992 and August 31, 1991	8	8
Common stock, $.10 par value; Authorized - 60,000,000 shares Issued - 17.458,098 shares	1,746	1,746
Additional paid in capital	7,734	7,734
Retained earnings	7,209	5,875
Less treasury stock, 61.913 shares, at cost	(25)	(25)
Total shareholders' equity	16,672	15,338
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 33,263	$ 30,712

See accompanying notes to the condensed consolidated financial statements.

VACATION SPA RESORTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In thousands of dollars except for per share data)
(Unaudited)

	Three months ended		Nine months ended	
	May 31, 1992	May 31, 1991	May 31, 1992	May 31, 1991
REVENUES				
Timeshare interest sales, net of provision for cancellation of $448 and $395 for the three months ended May 31, 1992 and 1991, respectively, and $2,341 and $1,606 for the nine months ended May 31, 1992 and 1991, respectively	$ 3,014	$ 4,050	$ 10,403	$ 10,902
Retail lot sales, net of provision for cancellation of $90 and $59 for the three months ended May 31, 1992 and 1991, respectively, and $89 and $133 for the nine months ended May 31, 1992 and 1991, respectively	84	445	181	835
Interest income	946	821	2,738	2,335
Other income	77	50	168	118
Total revenues	4,121	5,366	13,490	14,190
COSTS AND EXPENSES				
Direct costs				
Timeshare interest sales	516	592	1,751	1,581
Retail lot sales	34	146	80	257
Commissions and selling	1,468	2,673	5,242	5,988
Depreciation	17	20	59	55
Interest	351	398	1,103	1,217
General and administrative	808	694	2,438	2,206
Total costs and expenses	3,194	4,523	10,673	11,304
INCOME BEFORE INCOME TAXES	927	843	2,817	2,886
INCOME TAX EXPENSE	315	287	958	981
NET INCOME	612	556	1,859	1,905
CUMULATIVE PREFERRED STOCK DIVIDENDS	175	175	525	525
NET INCOME APPLICABLE TO COMMON STOCK	$ 437	$ 381	$ 1,334	$ 1,380
EARNINGS PER COMMON SHARE:	$ .03	$ .02	$ .08	$ .08
Weighted average number of common shares and common share equivalents outstanding	17,396,185	17,396,185	17,396,185	17,396,185

See accompanying notes to the condensed consolidated financial statements.

VACATION SPA RESORTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of dollars)
(Unaudited)

	Nine months ended	
	May 31, 1992	May 31, 1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 1,859	$ 1,905
Adjustments to reconcile net income to cash:		
Provision for cancellation	2,430	1,739
Cost of sales	1,831	1,838
Depreciation and amortization	59	55
Income taxes to parent company	958	981
Changes in operating assets and liabilities:		
Increase in contracts and notes receivable, net	(3,334)	(4,299)
Increase in accounts payable and accrued liabilities	229	334
Purchase of timeshare interests and lots	(683)	(549)
Increase in other assets	(336)	(323)
Total adjustments	1,154	(224)
Net cash provided by operating activities	3,013	1,681
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments to parent company, net	(3,679)	(1,904)
Increase in debt	988	1,043
Dividends paid on preferred stock	(525)	(525)
Net cash used in financing activities	(3,216)	(1,386)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale (purchase) of property and equipment	293	(212)
Net cash provided by (used in) investing activities	293	(212)
NET INCREASE IN CASH AND CASH EQUIVALENTS	90	83
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	705	1,161
CASH AND CASH EQUIVALENTS - END OF PERIOD	$ 795	$ 1,244

See accompanying notes to the condensed consolidated financial statements.

VACATION SPA RESORTS, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements
(Unaudited)

1) In the opinion of management, when read in conjunction with the audited consolidated financial statements for the years ended August 31, 1991 and 1990, the accompanying unaudited condensed consolidated financial statements contain all the information necessary to present fairly the financial position of Vacation Spa Resorts, Inc. ("VSR") and Subsidiaries (collectively, the "Registrant") at May 31, 1992, and the results of its operations and cash flows for the nine months ended May 31, 1992, and 1991.

All significant intercompany accounts between VSR and its subsidiaries have been eliminated.

2) Earnings per common share have been calculated after deducting the quarterly preferred stock dividend requirement of $175,000 and are based on the weighted average number of shares of common stock outstanding.

3) The results for the three and nine month period ended May 31, 1992, are not necessarily indicative of the actual results for the year ending August 31, 1992.

VACATION SPA RESORTS, INC. AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Three Months Ended May 31, 1992 Compared to the Three Months Ended May 31, 1991.

Gross sales for the periods being compared decreased $1,313,000 to $3,636,000 from $4,949,000, a decrease of 27%. Management believes that gross sales decreased in the current period as a result of a significant decrease in inventory of timeshare interests available for sale at the Grand Flamingo in Las Vegas. Management is acquiring additional timeshare interests, which will become available for sale in fiscal 1993, and anticipates an increase in gross sales will occur when this inventory becomes available. Net sales decreased $1,397,000 to $3,098,000 from $4,495,000, a decrease of 31%. The provision for cancellation increased $84,000 during the period ended May 31, 1992 as compared to the period ended May 28, 1991.

Direct costs of sales decreased $188,000 to $550,000 from $738,000 primarily as a result of decreased sales, while maintaining cost of sales at 15% of gross sales in each period.

Commissions and selling expenses decreased $1,205,000 to $1,468,000 (40% of gross sales) from $2,673,000 (54% of gross sales).

Management believes that sales, costs of sales, and commissions and selling expenses may decline until the additional inventory of timeshare interests mentioned above become available for sale, and accordingly, this period may not be necessarily representative of future results. Management has been and continues to make substantial changes to various sales and marketing programs which may cause sales volume to increase and may cause costs of sales and commissions and selling expenses to vary as a percentage of gross sales.

Interest income increased $125,000 as a result of interest earned on increases in Contracts and notes receivable and the Receivable from parent company. Interest expense decreased $47,000 as a result of lower borrowing costs, resulting in a net increase of $172,000 in the "spread", or excess of interest income over expense. Interest income as a multiple of interest expense increased to 2.70 from 2.06.

General and administrative expenses increased by $114,000 to $808,000 from $694,000. The increase occurred primarily as a result of a $47,000 increase in management fees paid to its parent, Preferred Equities Corporation ("PEC") pursuant to a management agreement, and increased credit card costs attributable to increased customer usage of credit cards for monthly payments.

The foregoing factors caused Income before income taxes to increase $84,000 to $927,000 for the three months ended May 31, 1992, from $843,000 for the three months ended May 31, 1991, an increase of 10%. Income tax expense is computed at the effective tax rate of 34% (the statutory rate) and is paid to PEC as part of a tax sharing arrangement.

LIQUIDITY

During the three months ended May 31, 1992, the Registrant provided $1,202,000 in cash from operating activities, which was an average of approximately $401,000 per month compared to the three months ended May 31, 1991, in which $542,000 in cash from operating activities was provided, which was an average of approximately $181,000 per month.

The Registrant must obtain sources of funds, whether from the Registrant's existing assets or from external sources, to cover the cash shortfall that is created as a result of commissions and selling expenses often exceeding down payments received by the Registrant from its customers. In addition to the cash shortfall, the Registrant must recover its product costs, pay its general and administrative expenses, purchase and replace equipment and make interest and principal payments toward its debt. During the three months ended May 31, 1992, the cash shortfall and other cash needs were financed from borrowings on lines of credit, collections, including interest, on receivables produced by sales made in current and prior periods, down payments made on new sales, and cash balances. During the three months ended May 31, 1992, the Registrant's borrowings under its lines of credit increased $279,000 to an aggregate of $15,325,000. Available lines of credit are to support future sales, and the related cash shortfall, for existing projects. At May 31, 1992, the Registrant had two lines of credit, not to exceed $25,076,000 in the aggregate, secured by timeshare receivables. Under these lines, the Registrant and its parent company, PEC, share lines of credit of $26,000,000 from financial institutions, which provide jointly, for the availability of these lines of credit. At May 31, 1992, PEC had borrowed $3,656,000 against these lines and the Registrant had borrowed $15,325,000. At May 31, 1992, the Registrant had unused lines of credit of approximately $9,751,000 available. The Registrant continues to seek additional lines of credit and increases or more favorable terms in its existing lines of credit. Set forth below is a schedule of the cash shortfall arising from recognized and unrecognized sales for:

	Three months ended (in thousands of dollars)	
	May 31, 1992	May 31, 1991
Commissions and selling expenses attributable to recognized and unrecognized sales	$ 1,435	$ 2,491
Less: down payments	919	1,263
Cash shortfall	$ 516	$ 1,228

Liquidity demands may be met through new borrowings, increased down payments, the sale of receivables, the offer to customers of cash discounts or other incentives for prepayments of their receivable balances, voluntary reduction in sales volume, or by one or more of these five strategies.

PART II

Item 1. Legal Proceedings.

No reportable events occurred during the three month period ended May 31, 1992.

Item 4. Submission of Matters to a Vote of Security-Holders.

On May 27, 1992, an Annual Meeting of Shareholders was held at which time all nominees for Director were elected. At the same meeting the appointment of Deloitte & Touche as the Registrant's independent certified public accountants was approved.

Item 5. Other Information.

On July 2, 1992, VSR's Board of Directors ("Board") approved a proposed merger transaction pursuant to which VSR would be merged into PEC, which presently owns 80% of VSR's outstanding Common Stock and which is a wholly-owned subsidiary of Mego Financial Corp. ("Mego"). Under the terms of the proposal, the VSR shareholders (other than PEC), who now hold 3,479,237 shares, would receive one-quarter of a share of Mego Common Stock for each share of VSR Common Stock. Mego's Common Stock is listed on NASDAQ and the Boston Stock Exchange. The proposed merger will be submitted to a vote of VSR's shareholders. Pursuant to the terms of the proposed merger agreement, PEC will vote its shares to approve the merger, but in the event shareholders of VSR holding more than 150,000 shares in the aggregate ask for dissenters' "appraisal rights", PEC may elect not to effect the merger.

Prior to approving the proposed merger, the Board retained the services of an independent investment banking firm (the "Advisor") to act as financial advisor to the Board to render an opinion as to the fairness of the proposed merger to the VSR shareholders other than PEC. The Advisor issued its opinion to the Board that the proposed merger is fair. In reaching its conclusion the Advisor had considered, among other things, certain information as to estimated current realizable values of Mego's assets and liabilities that would result in a higher than recognized book value of Mego, for the purpose of evaluating the book values of Mego Common Stock and VSR Common Stock on a comparable basis.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

VACATION SPA RESORTS, INC.

By: ______________________

Irving J. Steinberg
Chief Accounting Officer

Date: July 14, 1992

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 31, 1992 Commission File Number 0-8254

WESTFORD GROUP, INC.
(Exact name of registrant as specified in its charter)

Ohio (State or other juridiction of incorporation or organization	31-0854431 (I.R.S. Employer Identification No.)

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20 East Broad Street, Columbus, Ohio (Address of principal executive offices)	43215 (Zip Code)

Registrant's telephone number including area code (614) 228-2800

None
Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

YES X NO ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the last practicable date.

Class	Outstanding at March 31, 1992
Common stock, without par value	1,316,046

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WESTFORD GROUP, INC.
AND SUBSIDIARY

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WESTFORD GROUP, INC.
AND SUBSIDIARY

Consolidated Balance Sheets

Assets	March 31, 1992 (Unaudited)	December 31, 1991
Current:		
Cash	$ 45,263	$ 7,124
Accounts receivable - trade	172,759	217,744
Costs and estimated earnings in excess of billings on uncompleted codification contracts (note 2)	94,852	101,124
Costs of uncompleted code supplements	26,332	29,905
Other assets	1,198	1,170
Total current assets	340,404	357,067
Property and equipment, net (note 3)	69,271	27,310
Intangible asset, net of accumulated amortization of $17,601 in 1992 and $13,459 in 1991 (note 1(f))	148,054	149,089
	$ 557,729	$ 533,466

(Continued)

WESTFORD GROUP, INC.
AND SUBSIDIARY

Consolidated Balance Sheets, Continued

Liabilities and Shareholders' Equity	March 31, 1992 (Unaudited)	December 31, 1991
Current Liabilities:		
Note payable - bank (note 4)	$ 75,000	$ 75,000
Balance due on acquisition (note 5)	10,749	14,171
Accounts payable	52,751	32,315
Loans payable - related party (note 6)	99,310	99,310
Accrued payroll taxes payable	1,764	5,718
Accrued salaries and commissions	41,014	39,309
Billings in excess of costs and estimated earnings on uncompleted codification contracts (note 2)	85,106	122,408
Current portion capital lease obligation (note 7)	3,435	-
Other liabilities	6,257	3,993
Total current liabilities	375,386	392,224
Capital lease obligations, less current portion (note 7)	39,658	-
Total liabilities	415,044	392,224
Series two serial redeemable preference stock, 500 shares authorized; 500 shares issued (note 8)	50,000	50,000
Shareholders' Equity:		
Serial preference stock, without par value:		
Series one serial preference, authorized 100 shares; none issued (note 9)	-	-
Class A preferred shares, par value $2,285; authorized 500 shares; none issued	-	-
Class B preferred shares, par value $500; authorized 4,000 shares; none issued	-	-
Common stock, without par value; authorized 2,000,000 shares; 1,434,022 shares issued	871,286	871,286
Additional paid-in capital	789,779	789,779
Accumulated deficit	(1,537,947)	(1,539,390)
	123,118	121,675
Less: Treasury stock, at cost (117,976 common shares)	(30,433)	(30,433)
Net shareholders' equity	92,685	91,242
Commitments (note 7)		
	$ 557,729	$ 533,466

See accompanying notes to consolidated financial statements.

WESTFORD GROUP, INC.
AND SUBSIDIARY

Consolidated Statements of Income
(Unaudited)

Three Months Ended March 31, 1992 and 1991

	1992	1991
Sales	$ 245,342	$ 177,846
Cost of sales	165,402	90,922
	79,940	86,924
Selling, general and administrative expenses:		
Salaries and related costs	37,780	39,540
Professional fees	13,502	20,557
Other	21,119	12,265
	72,401	72,362
Non-operating income (expense):		
Interest expense	(4,845)	(3,692)
Net income before income tax expense and extraordinary item	2,694	10,870
Income tax expense (note 10)	404	1,875
Net income before extraordinary item	2,290	8,995
Extraordinary item:		
Income tax benefit from carryforward of prior years' net operating loss	404	1,875
Net income	$ 2,694	$ 10,870
Net income per common share:		
Before extraordinary item	$ -	$ .01
Extraordinary item-benefit of operating loss carryforward	-	-
Net income	$ -	$ .01
Weighted average number of common shares and equivalents outstanding	1,661,046	1,661,046

See accompanying notes to consolidated financial statements.

WESTFORD GROUP, INC.
AND SUBSIDIARY

Consolidated Statements of Cash Flows
(Unaudited)

March 31, 1992 and 1991
Increase (Decrease) in Cash and Cash Equivalents

	1992	1991
Cash flows from operating activities:		
Net income	$ 2,694	$ 10,870
Adjustments to reconcile net income to cash provided by operating activities before extraordinary item:		
Depreciation and amortization	6,614	4,315
Decrease in accounts receivable - trade	44,985	55,572
(Increase) decrease in costs and estimated earnings in excess of billings on uncompleted codification contracts	6,272	(15,276)
(Increase) decrease in costs of uncompleted code supplements	3,573	(16,221)
(Increase) decrease in other assets	(28)	1,327
Increase (decrease) in accounts payable	20,436	(3,884)
Decrease in accrued payroll taxes payable	(3,954)	(4,754)
Increase in accrued salaries and commissions	1,705	5,275
Decrease in billings in excess of costs and estimated earnings on uncompleted codification contracts	(37,302)	(18,157)
Increase in other liabilities	2,264	-
Net cash provided by operating activities	47,259	19,067
Cash flows from investing activities:		
Purchase of property and equipment	(4,041)	(1,992)
Net cash used in investing activities	(4,041)	(1,992)

(Continued)

WESTFORD GROUP, INC.
AND SUBSIDIARY

Consolidated Statements of Cash Flows, Continued
(Unaudited)

	1992	1991
Cash flows from financing activities:		
Repayment of balance due on acquisition	(3,422)	(3,123)
Principal payments under capital lease obligations	(407)	-
Dividends paid on preferred stock	(1,250)	(1,250)
Repayment of note payable to bank	-	(12,000)
Net cash provided (used) by financing activities	(5,079)	(16,373)
Net increase in cash and cash equivalents	38,139	702
Cash and cash equivalents at December 31	7,124	4,327
Cash and cash equivalents at March 31	$ 45,263	$ 5,029
Supplemental cash flow disclosure:		
Interest paid	$ 2,507	$ 2,039

Supplemental schedule of non-cash investing and financing activities:

A capital lease obligation of $43,500 was incurred when the Company entered into a lease for new equipment in 1992.

See accompanying notes to consolidated financial statements.

WESTFORD GROUP, INC.
AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 1992 and 1991

(1) Summary of Significant Accounting Policies

The accompanying consolidated financial statements include the following significant accounting policies:

(a) Basis of Financial Statement Presentation

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles. In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet, and revenues and expenses for the period. Actual results could differ from these estimates (see Notes 1(c) and (d)).

(b) Consolidation Policy

The accompanying financial statements include the accounts of Westford Group, Inc. and its wholly-owned subsidiary, American Legal Publishing Corporation (ALP Corporation) from the date of purchase, January 12, 1988 (the Companies). All significant intercompany transactions and balances have been eliminated in consolidation.

(c) Revenue and Cost Recognition

Revenue from municipal code contracts is recognized on the percentage-of-completion method; completion is measured based on the percentage of direct labor costs incurred to date to estimated direct labor costs for each contract. Management considers this method to be reliable and the best available measure of progress on these contracts. While management uses available information to estimate total direct labor costs on each contract, actual experience may vary from estimated amounts. Under this method, the costs incurred and the related revenues are included in the statement of operations as work progresses. Adjustments to contract cost estimates are made in the periods in which the facts which require such revisions become known. When a revised estimate indicates a loss, such loss is provided for in its entirety. The amount by which revenues are earned in advance of contractual collection dates is an unbilled receivable and the amount by which contractual billings exceed earned revenues is unrealized revenue which is carried as a liability.

Revenue from code supplements is recognized on the completed-contract method because the typical supplement is completed in approximately two months. No progress payments are billed due to the short production time and the aggregate supplement contract price is under $2,000. Supplement contracts in process are valued at the lower of cost or contract price less estimated cost of completion. The asset, "Costs of uncompleted code supplements," represents all supplement costs incurred to date. Provisions for estimated losses on uncompleted contracts are made in the period in which losses are determined.

(d) Accounts Receivable

Management believes an allowance for doubtful accounts is not necessary because non-collectibility is unlikely based upon historical experience

(Continued)

and their specific customer base. While management uses available information to determine that accounts receivable will be fully collectible, an allowance for doubtful accounts may become necessary in the future based on changes in economic conditions.

(e) Property and Equipment

Property and equipment are carried at cost. Depreciation is computed using the straight-line method. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized.

(f) Intangible Asset

The excess of AM Comp, Inc.'s net assets acquired over the purchase price of approximately $160,000 was allocated to the database. The database is comprised of the municipal code data and related files and has been developed internally. Provision for amortization of the database is based on an estimated useful life of forty years and is computed on the straight-line method.

(g) Federal Income Taxes

Westford Group, Inc. files a consolidated Federal income tax return with its subsidiary.

(h) Net Income Per Common Share

Net income per common share is computed on the basis of the weighted average number of common shares outstanding during the quarter ended March 31, 1992 and March 31, 1991, respectively. The preferred shares were included in the computations due to their dilutive effect.

(i) Cash Equivalents

The Company considers all cash on-hand and in financial institutions to be cash equivalents.

(j) Acquisition

On January 12, 1988 the Company acquired substantially all the assets of AM Comp, Inc., subject to substantially all of its liabilities, for (a) $90,000 in cash; (b) 100,000 shares of common stock, without par value, of Westford Group, Inc.; and (c) an amount equal to three percent of all sales related to AM Comp, Inc.'s business collected by ALP Corporation during a five year period, commencing January 1, 1988 and ending December 31, 1992, which amount is not to exceed $75,000 in the aggregate. ALP Corporation is engaged in the codification of municipal and county codes of ordinances and the supplementing thereof. The acquisition has been accounted for as a purchase.

(Continued)

(2) Uncompleted Contracts

Costs on uncompleted codification contracts were $791,500 and $800,741 and billings to date on those contracts were $781,754 and $822,025 at December 31, 1991 and 1990, respectively. The excess of costs and estimated earnings over billings to date are presented in the accompanying consolidated balance sheets as follows:

	March 31, 1992	December 31, 1991
Costs and estimated earnings in excess of billings on uncompleted codification contracts	$ 94,852	$ 101,124
Billings in excess of costs and estimated earnings on uncompleted codification contracts	85,106	122,408
	$ 9,746	$ (21,284)

(3) Property and Equipment

Property and equipment, at depreciated cost, consists of the following at March 31, 1992 and December 31, 1991:

	March 31, 1992	December 31, 1991
Machinery and equipment	$ 132,017	$ 84,475
Furniture and fixtures	4,955	4,955
	136,972	89,430
Less: accumulated depreciation	(67,701)	(62,120)
	$ 69,271	$ 27,310

(4) Note Payable - Bank

In May 1989 the Company entered into an agreement with a local bank to provide a $75,000 note with repayment on demand by the lender. Advances under the note bear interest payable quarterly at the lending bank's prime rate plus one percent (7.5% at March 31, 1992 and December 31, 1991, respectively). On June 30, 1989, the Company borrowed $75,000 pursuant to this agreement and during 1989 made a $25,000 repayment. On December 19, 1990, the Company borrowed $10,000 and on February 25, 1991 made a $12,000 repayment. Thereafter in 1991, the Company added $27,000 of borrowings under this arrangement.

The note is personally guaranteed by the Company's Chief Executive Officer and secured by the assignment of ALP Corporation's equipment and accounts receivable.

(Continued)

WESTFORD GROUP, INC.
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Notes to Consolidated Financial Statements, Continued

(5) Balance Due on Acquisition

The consideration given by ALP Corporation to AM Comp, Inc. for the acquired assets included an amount equal to a percentage of all sales related to AM Comp, Inc.'s business collected by ALP Corporation during five year period commencing January 1, 1988 and ending December 31, 1992, which amount is not to exceed $75,000 in the aggregate. The recorded liability reflects the present value of the unpaid balance of the maximum obligation. The remaining principal repayment of $10,749 due within the next twelve months, including imputed interest, has been included in current liabilities.

There is no material relationship between AM Comp, Inc. and Westford Group, Inc., ALP Corporation, any other affiliates of Westford Group, Inc., any director or officer of Westford Group, Inc., or any associate of any such director or officer.

(6) Loans Payable - Related Party

During 1991, ALP Corporation borrowed, in a series of loans, $99,310 from Bancinsurance Corporation, an affiliate of the Company through a common officer and principal shareholder, which is included in Loans payable - related party in the accompanying consolidated financial statements. These loans are payable on demand and bear interest at prime rate plus one percent (7.5% at March 31, 1992. The loans are secured by the accounts receivable and equipment of ALP Corporation.

(7) Leases

The executive offices of Westford Group, Inc. are located in an office building at 20 East Broad Street, Columbus, Ohio. The office facilities are shared with other affiliated entities and rental and bookkeeping expenses are allocated among them. Westford Group, Inc.'s share of these expenses were $2,940 in both 1991 and 1990.

In August 1991, ALP Corporation relocated to occupy 3,520 square feet of rentable area on the 12th floor of the building located at 432 Walnut Street, Cincinnati, Ohio under an operating lease which will expire July 31, 1997.

The following is a schedule of ALP Corporation's future minimum lease payments, by year end in the aggregate, for capital and operating leases as of March 31, 1992.

Year ending	Capital lease	Operating leases
1992	$ 4,500	$ 48,409
1993	12,744	28,893
1994	12,744	29,920
1995	12,744	29,920
1996	12,744	29,920
1997	-	17,453
Total minimum lease payments	55,476	$ 184,515
Less: Amount representing interest	12,383	
Present value of net minimum lease payments	43,093	
Less: Current installments of obligations under capital lease	3,435	
Long-term obligation under capital lease	$ 39,658	

(Continued)

Total rental expenses under operating leases were $29,884, $33,540 and $27,515 in 1991, 1990 and 1989, respectively.

(8) Redeemable Preferred Stock

On June 23, 1988, a resolution was adopted by the Company to authorize 500 shares of Series Two Serial Redeemable Preference Stock at $100 per share. At December 31, 1991 and 1990, 500 Series Two Serial Redeemable Preference Shares are issued and outstanding to Bancinsurance Corporation, an affiliate of the Company through a common officer and principal shareholder. Each outstanding Series Two Serial Redeemable Preference Share is convertible into 690 shares of common stock at the holder's option. Series Two Serial Redeemable Preference shares may be redeemed at the option of the Company at $100 per share plus any accrued and unpaid dividends plus a specified premium if redeemed prior to September 30, 1995. Commencing October 1, 1995, the holder of any shares of this series may, upon ninety days written notice, require the Company to purchase all or part of the holders shares at $100 per share plus any accrued and unpaid dividends. Shareholders of Series Two Serial Redeemable Preference Shares shall receive, when and as declared by the Board of Directors, dividends on the last day of March, June, September and December, at the rate of, but not exceeding ten dollars per share per year. In the event of liquidation, holders of shares of this series shall be entitled to receive $100 per share, plus any accrued and unpaid dividends. Shareholders of Series Two Serial Redeemable Preference Shares are entitled to one vote for each share upon all matters presented to the shareholders.

(9) Serial Preference Stock

At December 31, 1989, 100 Series One Serial Preference Shares were issued and outstanding. Each outstanding Series One Serial Preference Share was convertible into 5,000 shares of common stock at the holder's option. Shareholders of Series One Serial Preference Shares shall receive, when and as declared by the Board of Directors, cash dividends at an amount determined when declared. In the event of liquidation, holders of shares of this Series shall be entitled to receive $250 per share, plus any accrued and unpaid dividends. Each outstanding share of this Series may be redeemed at the option of the Company by resolution of its Board of Directors at the redemption price of $250 per share plus any accrued and unpaid dividends. Shareholders of Series One Serial Preference Shares are entitled to one vote for each share upon all matters presented to the shareholders. On July 6 and October 24, 1990, shareholders converted 80 and 20 Series One Serial Preference Shares, respectively, to common stock.

(Continued)

WESTFORD GROUP, INC.
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Notes to Consolidated Financial Statements, Continued

(10) Federal Income Taxes

As of March 31, 1992, the Company has available unused operating loss carryovers for Federal income tax and financial statement purposes of approximately $953,000 which expire as follows:

1992	$102,000	1998	$ 24,000
1993	$197,000	1999	$ 22,000
1994	$187,000	2000	$ 30,000
1995	$ 57,000	2001	$ 17,000
1996	$183,000	2002	$ 19,000
1997	$ 52,000	2003	$ 63,000

The Financial Accounting Standards Board has issued SFAS No. 109, "Accounting for Income Taxes," which will supersede SFAS No. 96, "Accounting for Income Taxes." The Company currently accounts for income taxes under APB No. 11, having elected not to adopt SFAS No. 96, as amended by SFAS No. 103, "Accounting for Income Taxes--Deferral of the Effective Date of SFAS No. 96" prior to its required effective date, fiscal years beginning after December 15, 1991. SFAS no. 109 will change the Company's method of accounting for income taxes from the deferred method required under APB No. 11 to the asset and liability method. Under the deferred method, annual income tax expense is matched with pretax accounting income by providing deferred taxes at current tax rates for timing differences between the determination of net income for financial reporting and tax purposes. The objective of the asset and liability method is to establish deferred tax assets and liabilities for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized or settled.

SFAS No. 109 is effective for fiscal years beginning after December 15, 1992 and earlier adoption is permitted. SFAS No. 109 can be adopted by retroactively restating financial statements for any number of consecutive years before the effective date. In the earliest year restated, or in the year of adoption if no years are restated, the effect of initially applying this new pronouncement shall be reported as the cumulative effect of a change in accounting principle in the results of operations. The Company has not made a determination whether it will restate any prior years or adopt SFAS No. 109 in 1993 on a prospective basis.

The Company has not completed its study of the effects of SFAS No. 109 on its financial statements, however such effects are currently not expected to materially change the Company's financial position.

WESTFORD GROUP, INC.
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Management's Discussion and Analysis of Financial Condition and Results of Operations

Summary

The following table sets forth changes in certain items reflected in the financial data as compared to the indicated prior period.

	Period to Period Increase (Decrease) Quarters Ended March 31,	
	1992-91	1991-90
Sales	$ 67,496	$ (11,941)
Cost of sales	74,480	(10,518)
Selling, general and administrative expenses	39	1,179

Results of Operations

As mentioned in Item 1., the Registrant's business is principally carried on through its wholly owned subsidiary, ALP Corporation. ALP Corporation's sales increased 27.5% from the first quarter of 1991 to the first quarter of 1992 primarily due to large city contracts. While codification revenue increased, most of the growth was in new revenue sources such as the government newsletter and subscriptions to two new city codes which carry a lower margin. Cost of sales increased 81.9% due to increases in health insurance and staffing, necessary to accommodate increased sales. Professional fees decreased 34.3% due to a reduction in legal services provided. Other selling, general and administrative expenses increased 72.2% primarily due to increased insurance, sales commission, telephone, travel and rental costs.

Liquidity and Capital Commitments

AM Comp, Inc. had a history of unprofitable operations and insufficient cash resources to meet its operating obligations prior to the Registrant's acquisition of ALP Corporation, a wholly-owned subsidiary. Although it is impossible to estimate accurately the future cash flow from the operations of the subsidiary, management believes its effective capital costs may increase. Management of the Registrant is actively exploring further avenues for preserving capital and improving the liquidity of its subsidiary.

Intangible Asset

The excess of ALP Corp, Inc.'s net assets acquired over the purchase price of approximately $160,000 was allocated to the database. The database is comprised of the municipal code data and related files and has been developed internally. Provision for amortization of the database is based on an estimated useful life of forty years reflecting the long lived nature of municipal codes.

Recently Issued Accounting Standard

In February 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS 109), which mandates the liability approach for computing deferred Federal income taxes. SFAS 109 requires adoption of the new standard for fiscal years beginning after December 15, 1992. The Company has not made a determination whether it will restate any prior years or adopt SFAS No. 109 in 1993 on a prospective basis.

The Company has not completed its study of the effects of SFAS No. 109 on its financial statements, however such effects are currently not expected to materially change the Company's financial position.

Recently Issued Accounting Standard (continued)

Statement of Financial Accounting Standards (SFAS) No. 106 "Employers Accounting for Postretirement Benefits Other than Pensions," was issued in 1990. This statement establishes standards of financial accounting and reporting for employers that offer postretirement benefits other than pensions to its employees. The Company does not offer postretirement benefits other than pensions to its employees and therefore is not subject to the provisions of SFAS 106.

WESTFORD GROUP, INC.
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PART II - OTHER INFORMATION

Exhibits and Reports on Form 8-K

(a) Exhibits - None

(b) Reports on Form 8-K
No reports on Form 8-K were filed by the Registrant during the quarter ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WESTFORD GROUP, INC.
(Registrant)

Date: 5-12-92

By: Si Sokol
Si Sokol
President and
Chairman of Board of Directors,
Chief Executive Officer

Date: 5-12-92

By: Sally Cress
Sally Cress
Treasurer, Secretary,
Chief Financial Officer
and Chief Accounting Officer